

Par. 1. Material Transmitted and Purpose – Transmitted with this Manual Letter are changes to Service Chapter 510-07 Healthy Steps Eligibility Factors.

Note: New language is underlined and removed language has been struck through.

This Manual Letter incorporates changes made with the following IM's:

- IM 5142 "Cooperative Distributions and Healthcare Coverage";
- IM 5160 "Tax Refunds";
- IM 5199 "Reported Changes for Medicaid and Healthy Steps"
- IM 5200 "Income Levels effective April 1, 2014."

Par. 2. Sections pertaining only to those cases determined for eligibility prior to January 1, 2014 are available in the archive section of the manual, since those individuals are authorized for 12 months without regard to changes in income.

Par. 3. **Effective Date** -- This manual letter is effective for the benefit month of **July 2014 except if indicated otherwise.**

Definitions 510-07-05

1. 510-07-05 – Definitions:

- Added a definition for 'ACA Healthy Steps'.
- Removed the definition of 'Living Independently', as this no longer applies under ACA Healthy Steps.
- Added a definition of 'Living with' ~~has been added~~ to clarify the determination of household size.
- Changed the name of 'MAGI Household' to 'ACA Healthy Steps Household'.
- Added a definition for 'Tax Filer'.

Definitions 510-07-05

(Revised 7/1/2014 ML #3416)

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ACA (Affordable Care Act) Healthy Steps

The policies and procedures under the Affordable Care Act of 2010 methodologies used to determine Healthy Steps eligibility for individuals effective January 1, 2014.

MAGI ACA Healthy Steps Household

A Healthy Steps household that is required to be budgeted using MAGI methodologies. This includes the ~~Adult Expansion Group, Parents, Caretaker Relatives and their Spouses, Children, and Pregnant Women.~~

Living independently

In reference to a single individual under the age of twenty one, or if blind or disabled under age eighteen, a status which arises in any of the following circumstances:

- ~~1. The individual has served a tour of active duty with the armed services of the United States and lives separately and apart from the parent.~~
- ~~2. The individual has married, even though that marriage may have ended through divorce or separation. A marriage ended by legal annulment is treated as if the marriage never occurred.~~
- ~~3. The individual has lived separately and apart from both parents for at least three consecutive full calendar months after the date the individual left the parental home, continues to live separately and apart from both parents, and has received no support or assistance from either parent while living separately and apart. Periods in which a child is included in the parent's Medicaid unit are deemed to be periods in which the parents are providing support. Providing health insurance coverage or paying court ordered child support payments for a child is not considered to be providing support or assistance. For purposes of this paragraph, periods when the individual is attending an educational or training facility, receiving care in a specialized facility, or is an institutionalized person are deemed to be periods when the individual was living with a parent, unless the individual had already established that the individual was living independently.~~
- ~~4. The individual has left foster care and established a living arrangement separate and apart from either parent and received no support or assistance from either parent. Providing health insurance coverage or paying court ordered child support payments for a child is not considered to be providing support or assistance.~~
- ~~5. The individual lives separately and apart from both parents due to incest, continues to live separately and apart from both parents, and receives no support or assistance from either parent while living separately and apart. Providing health insurance coverage for a child is not considered to be providing support or assistance.~~

Living with:

'Living with' means those individuals who reside together as one household. Individuals who are out of the household temporarily for health, educational, training or employment purposes are considered to be 'living with' the household.

1. Individuals who have moved away with the intent not to return to live there are not considered to be 'living with' the household.
2. Individuals who ~~meet the living independently criteria have been emancipated~~ are not considered to be 'living with' the household.

Tax filer

An individual who is required to file Federal Income Taxes based on IRS Regulations, or if an adult (age 19 or older), an individual who chooses to file Federal Income Taxes to receive a refund.

General Statement, Purpose, and Objectives 510-07-07

2. 510-07-07-05 – General Statement:

- Added reference to the passage of the Affordable Care Act, which resulted in changes to the determination of eligibility for the Healthy Steps Program.

General Statement 510-07-07-05 (Revised 7/1/2014 ML #3416)

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Healthy Steps is the name given for the North Dakota Children's Health Insurance Program (CHIP), which is a program implemented pursuant to North Dakota Century Code Chapter 50-29 and 42 U.S.C. 1397 et seq to furnish health assistance to low-income children funded through Title XXI of the Social Security Act.

In 2010, the Patient Protection and Affordable Care Act of 2010 commonly called the Affordable Care Act ([ACA](#)), was signed into law by President Obama on March 23, 2010. This law represents the most significant regulatory overhaul of the U.S. healthcare system since the passage of Medicare and Medicaid in 1965, with the goals of increasing the quality and affordability of health insurance, lowering the uninsured rate by expanding public and private insurance coverage, and reducing the costs of healthcare for individuals and the government.

Healthy Steps utilizes a private indemnity insurance product to provide health care coverage to children through age 18, who are not eligible for Medicaid benefits.

The benefit package consists of the benchmark coverage currently available to all North Dakota State employees with an exception for coverage of birthing costs. This package is enhanced by the addition of a basic preventive dental and vision package plus several additional medical preventive services not currently available in the PERS package of benefits.

Application and Decision 510-07-15

3. 510-07-15-05 – Application and Review

- Removed reference to applications prior to the deployment of ACA Healthy Steps policy that became effective January 1, 2014.
- Removed reference to SFN 502 and the Department's system generated 'Statement of Facts' as these can no longer be utilized as applications for ACA Healthy Steps.
- Added information regarding the need to provide households with pre-populated reviews.

Application and Review 510-07-15-05 (Revised 8/15/14 ML #3416)

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1. Application.

- a. Healthy Steps applications received on or after ~~October January 1, 2013~~ January 1, 2014 ~~will be~~ are subject to MAGI processing. ~~if the household is requesting benefits to start January 2014. If a household requests benefits to start prior to January 1, 2014, non-MAGI processing applies.~~ All individuals wishing to make application on behalf of a child for Healthy Steps must have the opportunity to do so, without delay.
- b. An application is a written request for assistance on:
 - i. SFN 405, "Application for Economic Assistance Programs";
 - ii. ~~SFN 502, "Application for HealthCare Coverage for Children, Families, and Pregnant Women" (to be discontinued after 12-31-13 10-31-13);~~
 - iii. ~~The Department's system generated "Statement of Facts" (this will no longer be used as a Medicaid application after 12-31-13);~~
 - iv. ii. The Department's system generated "Application for Health Care Coverage";
 - v. iii. The Department's online "Application for Economic Assistance Programs";

- ~~vi.~~ iv. If within one calendar month of when an applicant's Healthy Steps case was closed, one of the prescribed review forms (see subsection 2(b));
 - ~~vii.~~ v. The electronic file received by the state from the Federally Facilitated Marketplace (FFM) containing the single streamlined application;
 - ~~viii.~~ vi. The single streamlined application as submitted through the North Dakota client portal;
 - ~~ix.~~ vii. The paper SFN 1909 "Application for Health Coverage and Help Paying Costs"; or
 - x. viii. Telephonic applications.
- c. A prescribed application form must be signed by the applicant, an authorized representative or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant.
- d. The date of application is the date an application, signed by an appropriate person, is received at the Medical Services Division, a county agency, a disproportionate share hospital, or a federally qualified health center. The date received must be documented. Applications must be registered in the eligibility system as soon as possible upon receipt, but no later than the fifth day following receipt. Applications will be considered received on the day submitted. If an [outline online](#) application is submitted after business hours, on a weekend or holiday, the application will be considered received on the next business day.
- e. An application is required to initially apply for Healthy Steps, to re-apply after a Healthy Steps application was denied, or to re-apply after a Healthy Steps case has closed.
- f. A recipient may choose to have a face-to-face or telephone interview when applying for Healthy Steps; however, none is required in order to apply for assistance.
- g. Information concerning eligibility requirements, available services, and the rights and responsibilities of applicants and recipients must be furnished to all who request it.
- h. There is no wrong door when applying for Healthy Steps or any of the Healthcare coverages. The individual's application experience needs to be as seamless and with as few barriers as possible.
- i. North Dakota Healthy Steps applications may be received, filed and maintained at any county office within the state, based on what is most convenient for the applicant or recipient. Healthy Steps-only cases are maintained by the Healthy Steps unit at the state office.

2. Review

- a. A recipient, or anyone acting on a recipient's behalf, has the same responsibility to furnish information during a review of eligibility for coverage as an applicant has during the initial application.
- b. A review must be completed at least annually but no more than annually using:
 - i. ~~SFN 502, "Application for HealthCare Coverage for Children, Families, and Pregnant Women" (for reviews completed on or after January 1, 2014, this form will be discontinued and SFN 1909, "Application for Health Coverage and Help Paying Costs" will replace it);~~
 - ii. SFN 407, "Review for Health Care Coverage";
 - iii. SFN 378, "Change Report Form";
 - iv. The Department's system generated Application/Review for Health Care Coverage;
 - v. One of the previously identified applications completed to apply for another program;
 - vi. The online review form through OASYS; or
 - vii. The streamlined review received through the state portal for MAGI reviews.

Ex-parte Reviews: When the county agency has all information needed to complete a review, continued eligibility must be established without a completed form or requiring additional information from a MAGI household. In circumstances in which information needed to complete a review is available through Medicaid, SNAP or TANF, that information must be used without again requiring that information from the family.

If all needed information is available, a review must be completed without requiring a review form. Care must be used to ensure all needed information is on hand. An online narrative must document the completion of the Ex Parte review.

Passive Reviews: The county agency must make a review of eligibility without requiring information from the individual or ~~MAGI~~ ACA Healthy Steps household, if able to do so, based on reliable information available in the individual's account or other more current information available such as through any available data bases. In these cases, the individual/household must be notified of the eligibility determination and basis and that the individual/household must inform the agency if any of the information contained in the notice is inaccurate. The individual is not required to sign and return such notice if all information in the notice is accurate.

Pre-populated reviews: When a passive review cannot be made, the household must be provided a renewal form that is prepopulated with the information available to the agency and allowed 30 days from date the renewal form is provided to respond and provide any additional information, and to sign the renewal. Notice must be provided to the household of the review decision and the basis of the decision.

~~When a MAGI household loses eligibility for failure to provide a renewal form or required information, if the renewal form is submitted within 90 days after the termination, eligibility must be reconsidered back to the termination date.~~

- c. All reviews for Healthy Steps will be tested for Medicaid eligibility. If a child is eligible for full Medicaid benefits, the child's eligibility for Healthy Steps will be ended and the child approved for Medicaid.
 - d. A recipient may choose to have a face-to-face or telephone interview for their review; however, none is required in order to complete a review.
 - e. Reviews must be completed and processed no later than the last working day of the month in which they are due.
4. 510-07-15-35, Termination of Coverage by Enrollee - This section is updated to include the requirements of an verbal request for termination of coverage.

Termination of Coverage by Enrollee 510-07-15-35 (Revised 7/1/2014 ML #3416)

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A recipient, or appropriate individual on behalf of the recipient, may terminate coverage ~~under the plan~~ for Healthy Steps by providing a written notice requesting such action.

~~An oral~~ verbal request for termination of coverage given by an applicant or recipient, or appropriate individual on behalf of the applicant or recipient, is effective if recorded in the case file narrative and reflected on the termination notice. The requestor's name, phone number and date of the request must be included in the case narrative.

Eligibility Under Healthy Steps 510-07-20

5. 510-07-20-10 – Individuals Covered

- Removed the section that pertains to applications and reviews processed prior to December 31, 2014. Information regarding the policy for those cases can be viewed in the archive section of this manual.
- Removed the title 'For Applications and Reviews Received on or after October 1, 2013 for benefits starting January 1, 2014,' as information in the latest version of the manual includes policies and procedures for processing Healthy Steps eligibility under ACA policies that became effective January 1, 2014.

Individuals Covered 510-07-20-10 (Revised 7/1/2014 ML #3416)

[View Archives](#)

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014.~~

- ~~1. Children through age 18, who meet the requirements of this program, are eligible for Healthy Steps. Coverage for eligible children who are 18 years of age continues through the last day of the month in which child turns age 19.~~
- ~~2. A child is not eligible for Healthy Steps if:~~
 - ~~a. The child would be eligible for full Medicaid benefits (no client share (recipient liability)) in the month for which Healthy Steps eligibility is being determined;~~
 - ~~b. The child has other current creditable health insurance coverage;~~
 - ~~c. Coverage is available through the child's parents' or legal guardians' employer at no additional cost; or~~
 - ~~d. The child had creditable health insurance coverage within the past six months, unless the coverage was terminated:~~
 - ~~i. Due to involuntary loss of employment; or~~
 - ~~ii. Through no fault of any member of the Healthy Steps unit; or~~
 - ~~iii. By a household member who is actively engaged in farming in a county which was declared a federal disaster area within the last 12 months. This information is available in the Vision tables; or~~
 - ~~iv. By a parent or caretaker quitting a job with health insurance coverage to take a job without health insurance coverage; or~~
 - ~~v. By a parent or caretaker quitting a job with health insurance coverage to start a new job with a waiting period for health care coverage; or~~
 - ~~vi. By a parent because the monthly premium the family is responsible to pay for the health insurance exceeds, and is~~

~~expected to exceed, 15% of the family's gross monthly income. The family's gross monthly income means the countable self-employment income (not including the Adjusted Gross Income Deduction), plus the gross earned and unearned incomes of all individuals in the Healthy Steps unit.~~

~~The 6-month penalty period of Health insurance is 6 months prior to the month for which eligibility is being determined.~~

~~**Example:** August application and eligibility is being determined for the benefit month of September. The six-month termination period is March 1 through August and is month specific. If insurance were dropped in March, there may be eligibility starting at the earliest for the benefit month of September.~~

- ~~3. Children who are eligible to receive services through Indian Health services or through Section 638 Tribal contracts can be eligible for Healthy Steps.—~~
- ~~4. If the Department estimates that available funds are insufficient to allow plan coverage for additional applicants, the Department may take any action it deems appropriate to limit enrollment in the Healthy Steps Program, including denying applications and establishing waiting lists.~~

For Applications and Reviews Received on or after October 1, 2013 for benefits starting January 1, 2014:

1. Children age 0 through age 18, who meet the requirements of this program, are eligible for Healthy Steps. Coverage for eligible children who are 18 years of age continues through the last day of the month in which the child turns age 19.
2. A child is **not** eligible for Healthy Steps if:
 - a. The child would be eligible for full Medicaid benefits (no client share (recipient liability)) in the month for which Healthy Steps eligibility is being determined;
 - b. The child has other current creditable health insurance coverage;
 - c. Coverage is available through the child's parents' or legal guardians' employer at no additional cost; or
 - d. The child had creditable health insurance coverage within the past 90 days, unless the coverage was terminated:
 - i. Due to involuntary loss of employment; or
 - ii. Through no fault of any member of the Healthy Steps unit; or
 - iii. By a household member who is actively engaged in farming in a county which was declared a federal disaster area within the last 12 months. This information is available in the Vision tables; or

- iv. By a parent or caretaker quitting a job with health insurance coverage to take a job without health insurance coverage; or
- v. By a parent or caretaker quitting a job with health insurance coverage to start a new job with a waiting period for health care coverage; or
- vi. If the child's parent is determined eligible for advance payment of the premium tax credit for enrollment in a qualified health plan (QHP) because the employer sponsored insurance (ESI) in which the family was enrolled is determined unaffordable; or
- vii. If the premium paid by the family for coverage of the child under the group health plan exceeded 5% of household income; or
- viii. If the cost of family coverage that includes the child exceeds 9.5% of the household income; or
- ix. By the employer who stopped offering coverage of dependents (or any coverage) under an employer- sponsored health insurance plan; or
- x. When the child has special health care needs; or
- xi. Due to the death or divorce of a parent.

Note: The 90-day penalty period of Health insurance is 90 days prior to the month for which eligibility is being determined.

Example: August application and eligibility is being determined for the benefit month of September. The 90-day penalty period is June through August and is month specific. If insurance were dropped in June, there may be eligibility starting at the earliest for the benefit month of September.

- 3. Children who are eligible to receive services through Indian Health services or through Section 638 Tribal contracts can be eligible for Healthy Steps.
- 4. If the Department estimates that available funds are insufficient to allow plan coverage for additional applicants, the Department may take any action it deems appropriate to limit enrollment in the Healthy Steps Program, including denying applications and establishing waiting lists.
- 5. Children who were eligible for full Medicaid benefits as of December 31, 2013, who, at their next review, lost Medicaid eligibility for the sole reason of loss of the Medicaid ~~of~~ income disregards or deductions when calculating eligibility under the MAGI Income Methodologies until their next review. These children are known as 'Targeted Low Income children' and must be covered under

Healthy Steps until their next Healthy Steps Review ~~redetermination~~ unless they:

- a. Lose state residence; or
- b. Have insurance coverage through a federal or state public employee's health plan.

Effective January 1, 2015, children can no longer gain eligibility for ACA Healthy Steps based on this criteria. However, those found eligible under this criteria prior to January 1, 2015 will remain eligible for Healthy Steps through the end of the 12 month period granted under this provision unless they:

- a. Lose state residence; or
- b. Have insurance coverage through a federal or state public employee's health plan.

6. 510-07-20-15 – Assigning Category of Eligibility (COE)

- Added this new section to provide policy on assigning COE's for ACA Healthy Steps.

Assigning Category of Eligibility (COE) 510-07-20-15
(Revised 7/1/2014 ML #3416)

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The Healthy Steps Program has two Categories of Eligibility (COE). They are:

1. ACA Healthy Steps
2. ACA Healthy Steps – Maintenance of Effort

The following rules determine how to assign the COE for ACA Healthy Steps eligible individuals:

<u>COE</u>	<u>COE Description</u>	<u>Rule to Assign COE</u>
78	Healthy Steps	<p>The child:</p> <ul style="list-style-type: none"> • <u>Is age 0 through age 18 (through the last day of the month in which the child turns age 19);</u> • <u>Is not eligible for full Medicaid Coverage;</u> • <u>Does not have current Creditable Health Insurance Coverage;</u> • <u>Coverage is not available through the child's parents' or legal guardians' employer at no additional cost;</u>

<u>COE</u>	<u>COE Description</u>	<u>Rule to Assign COE</u>
		<ul style="list-style-type: none"> • <u>Did not have Creditable Health Insurance Coverage within the past 90 days;</u> • <u>Has income between 152% and 175% of the Federal Poverty Level (FPL)</u>
<u>92</u>	<u>Maintenance of Effort Child (Age 0 to 19)</u> <u>Medicaid to Healthy Steps</u>	<u>The child:</u> <ul style="list-style-type: none"> • <u>Is age 0 to 19 (through the last day of the month in which the child turns age 19);</u> • <u>Was Medicaid eligible on 12-31-2013;</u> • <u>Became ineligible for Medicaid at the next review due to loss of the Medicaid Income Disregards and Deductions when calculating eligibility under the MAGI Income Methodologies.</u> <p><u>Note:</u> <u>These children can have other creditable Health Insurance Coverage except for other Federal or State public employee health insurance.</u></p>

Basic Factors of Eligibility 510-07-25

7. 510-07-25-05 – ACA Healthy Steps ~~Unit~~ Household

- The wording of this entire section is removed and is available in the archive section of the manual. This wording has been replaced with the rules to determine the Healthy Steps household for a tax filer, tax dependent or a non-file adult or child household as well as a chart which can be used to make this determination.

ACA Healthy Steps Household 510-07-25-05 **(Revised 7/1/2014 ML #3416)**

[View Archives](#)

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014.~~

- ~~1. A Healthy Steps unit may be one individual, a married couple, or a family with children under twenty-one years of age, or if disabled under age eighteen, whose income is considered in determining eligibility for any member of that unit, without regard to whether the members of the unit all physically reside in the same location.~~

2. ~~A parent or other caretaker of children under twenty one years of age may select the children who will be included in the Healthy Steps unit. Anyone who is included in the unit for any month is subject to all Healthy Steps requirements, which may affect the unit. The financial responsibility of relatives must be considered with respect to all members of the assistance unit.~~

~~When a child is included in the Healthy Steps unit eligibility is pursued for the child unless:~~

- ~~a. The child is or would be eligible under the Medicaid Program;~~
- ~~b. The child is an ineligible alien;~~
- ~~c. The child is ineligible due to having creditable health insurance coverage or having creditable health insurance coverage available;~~
- ~~d. The family terminated their health insurance coverage within the last 6 months, without 'good cause'. For good cause reasons, see "Individuals Covered," 510-07-20-10.~~

~~The 6 month penalty period of Health insurance is 6 months prior to the month for which eligibility is being determined.~~

~~**Example:** August application and eligibility is being determined for the benefit month of September. The six-month termination period is March 1 through August and is month specific. If insurance were dropped in March, there may be eligibility starting at the earliest for the benefit month of September.~~

~~When a caretaker chooses not to include a child in the Healthy Steps unit, the child is not included in the unit for any other purpose (e.g. in the budget).~~

3. ~~When an adult is providing care to an unrelated child of a divorced, separated, or deceased spouse, the household may include the child if the child is expected to continue to reside in the household.~~

For Applications and Reviews Received on or after October 1, 2013 for benefits starting January 1, 2014:

Each eligible individual must have their ACA Healthy Steps Household determined separately based on whether the individual is a tax filer, a tax dependent, or an adult or child non-filer as well as the individual's relationship to those with whom the individual resides.

NOTE: Under ACA-based Methodologies, individuals may no longer be opted out of a household. However, they can choose to not receive coverage.

1. Tax Filer Unit

If the person is a **tax filer**, that person's Healthy Steps household includes:

- a. The individual,
- b. The spouse who lives with them, (regardless if they file jointly or separately),
- c. Everyone the tax filer claims as a tax dependent, and
- d. If any of these individuals are pregnant, include the number of unborn children.

Note: If the tax filer is also claimed as a tax dependent, follow the tax dependent rules.

2. **Tax Dependent Unit**

If a person is a **tax dependent**, that person's Healthy Steps household includes:

- a. The individual who is claimed as a tax dependent,
- b. Their spouse who lives with them, (regardless if they file jointly or separately)
- c. Everyone in the taxpayers' household, UNLESS the tax dependent meets one of the following **exceptions**:
 - i. The individual is claimed as a dependent by someone other than a parent, adoptive parent, or step-parent, (example by a grandparent or older adult sibling) or
 - ii. The individual is under age 19 and claimed as a dependent by an absent parent (example, child lives with Mom but absent Dad is claiming as a tax dependent), or
 - iii. The individual is under age 19 and lives with both parents but the parents do not expect to file jointly (example—parents live together but are not married).
- d. If any of these individuals are pregnant, include the number of unborn children.

If the tax dependent meets any of the above exceptions in 2.c., we must follow the **non-filer rules** in determining household size.

3. **Non-Filer Unit**

If a person is a **non-filer**, that person's Healthy Steps household is determined based on whether or not the non-filer is an Adult (Age 19 and older) or a Child (Under age 19).

- Non-filer Adult Household (age 19 or older) includes:
 - a. The non-filer adult, and
 - b. Their spouse who lives with them, and
 - c. Their natural, adopted or step-children under age 19

- d. If any of these individuals are pregnant, include the number of unborn children.

- Non-filer Child Household (under age 19) includes:
 - a. The non-filer child,
 - b. The child's natural, adopted or stepparents who lives with them,
 - c. The child's natural, adopted or step siblings under age 19 who lives with them,
 - d. The child's spouse,
 - e. The child's natural, adopted or step children under age 19 who lives with them.
 - f. If any of these individuals are pregnant, include the number of unborn children.

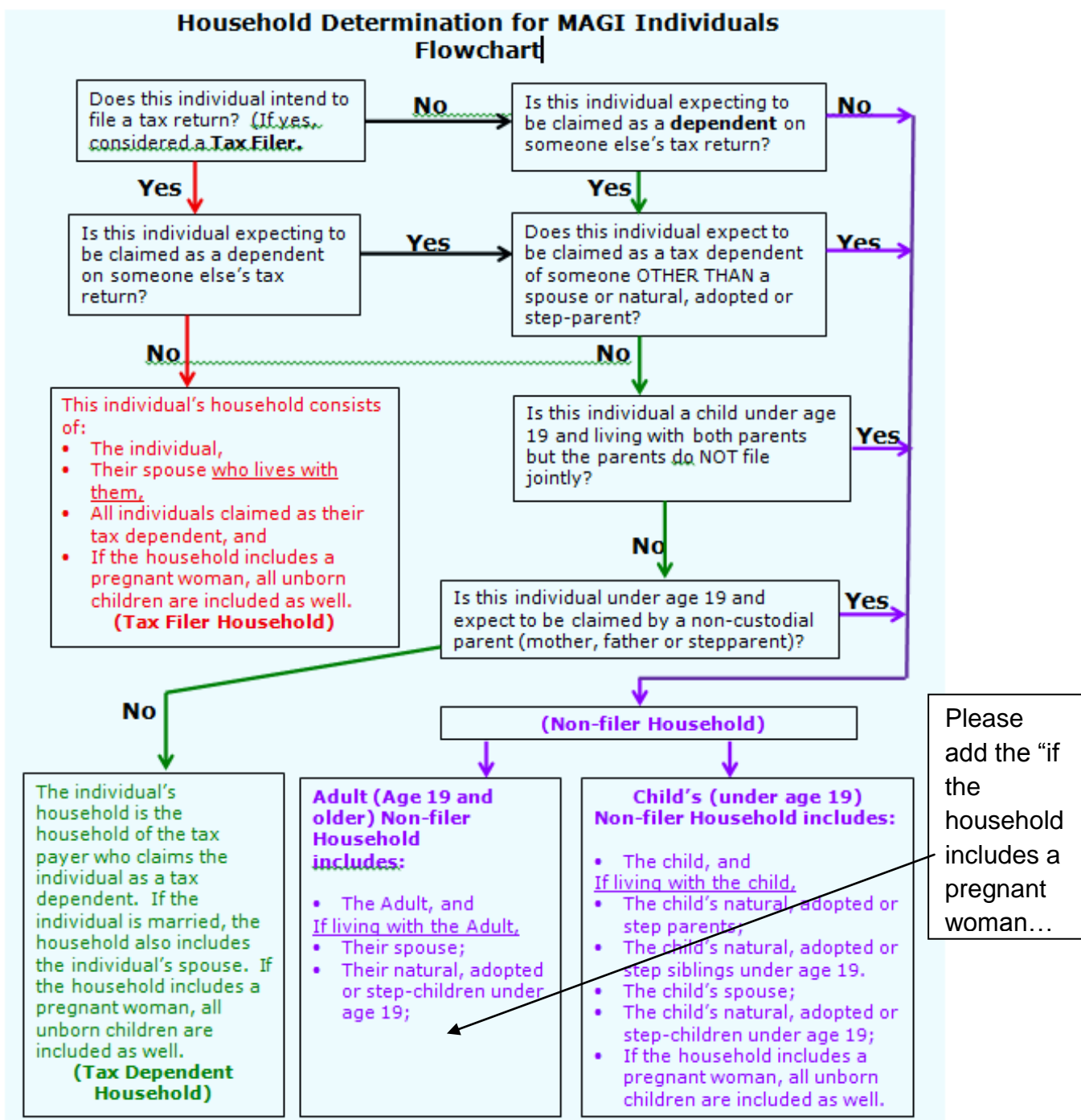
Married couples, who file jointly, must be included in each other's ACA Healthy Steps households for budgeting purposes, even if not residing together.

When one spouse is incarcerated, the incarcerated spouse must be included in other's ACA Healthy Steps households for budgeting purposes, IF the spouses file their taxes jointly.

Note: The spouse who is incarcerated is not eligible for ACA Healthy Steps.

When an unmarried couple with children are not able to indicate their intent to file taxes, the parent with the highest income will be considered as claiming the child(ren).

The following flowchart and examples will assist in determining the ACA Healthy Steps Household for each individual:



Examples:

Note: (In all of the following examples in this section, step, half, adoptive and natural parents, siblings and children are all treated the same.)

1. John is an 18 year old single individual who resides by himself and is applying on his own. He is not being claimed as a tax dependent by anyone. He does plan to file income taxes.
 - John is a non-filer and his household size is 1.
2. Jacob, age 12, resides with his mother, Claudia. Claudia applies for herself and her son, Jacob. Claudia files taxes, but does not claim Jacob as his father, who is not residing with him, does.
 - Jacob is considered a non-filer as he meets one of the exceptions in #2.c., Tax Dependent Unit rules, above. Therefore, his household size is 2.
3. Paul and Pam are married and live together with their son Peter, age 13. Paul and Pam are filing jointly and claiming Peter as a tax dependent.
 - Peter is a tax dependent and his household size of 3.
4. Paul and Pam are married and live together with the minor son, Peter, age 13. Paul and Pam plan to file taxes separately. Paul expects to claim their son, Peter, as his tax dependent.
 - Peter is a non-filer. Even though his parents are filing their taxes separately, his household size is 3.
5. John and Julie are married. They have 2 children in common, Derik age 2 and Shawn age 10. Julie has a child from a previous relationship, Brynn, age 16. Mom and Step Dad file jointly and claim all the children on their taxes.
 - Brynn, Shawn and Derik are tax dependents and each has a household size of 5.
6. Marty lives with his grandmother, who is widowed, and she expects to claim him as a tax dependent (someone other than a parent is claiming Marty).
 - Marty is a tax dependent and his household size is 1.
7. John lives with his girlfriend, Susan and Susan's daughter, Mariah, age 3, who is not John's biological, adopted, or step-daughter. He does not plan to file taxes. Susan will file taxes and claim her daughter only.
 - Mariah is a tax dependent and her household is 2.

8. Jack and Diane are married and file taxes together. They have two children of their own, Quinn age 7 and Lucy age 9. They also have a non-IV-E Foster Child, Stephanie, age 14. They claim their children as well as the Foster Child on their taxes.
 - Quinn and Lucy are tax dependents and each has a household size of 5.
 - Stephanie is a non-filer and her household size is 1.
 9. Sharon is disabled and in receipt of SSI. She has 1 child, Ben, who is age 18. Sharon does not file taxes. Her son Ben is employed and earns sufficient income to require him to file taxes.
 - Ben is a tax filer. His household size is 1.
Note: If Ben claimed his mother, his household size would be 2.
 10. Case consists of Sandy, her boyfriend Carl, and Sandy's daughter Meghan, age 6 (who is not Carl's daughter). Carl is employed and files taxes. He is claiming Sandy and her daughter.
 - Meghan is a non-filer and her household size is 2.
8. 510-07-25-10 – Relative Responsibility
- Removed the wording and section 'This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014.' as this information is included in the Archived Sections of Manual Chapter 510-07
 - Added new wording to clarify policy under ACA Healthy Steps.

Relative Responsibility 510-07-25-10
(Revised 7/1/2014 ML #3416)

[View Archives](#)

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014.~~

- ~~1. No support may be required of relatives other than from spouses and from natural or adoptive parents for children under age 21, or if blind or disabled, under age 18.~~
- ~~2. Under North Dakota law, a stepparent has no legally enforceable obligation to support stepchildren. Therefore, the stepparent's own personal income cannot be considered available in determining Healthy Steps eligibility for the stepchildren. The natural parent, however, is legally responsible for supporting the children. The income of the natural parent cannot be first applied to the~~

~~children if by doing so other members of the family are deprived of basic necessities.~~

- ~~3. If a child resides with a caretaker other than the parent, and the parent's whereabouts are known, an attempt must be made to obtain the parent's financial information. If the parent's income is made available, follow the budgeting procedures outlined in section 07-50-20, Budgeting Procedures for Financially Responsible Absent Parents. If unable to obtain the information, document the efforts made, and determine the child's eligibility without the parental information.~~

Each ACA Healthy Steps individual's financial responsibility is determined in the same manner as their ACA Healthy Steps household defined in Section 510-07-25-05, Healthy Steps Household.

Income of all individuals included in the individual's ACA Healthy Steps household must be counted unless disregarded as defined in Section **510-07-40-30** – Disregarded Income.

9. 510-07-25-20 – Age and Identity:

- The primary verification of identity table under subsection 3(d) is **updated** to clarify that the citizenship verification received using the "other benefit" inquiry through ND verify is a level one identity verification as well.

**Age and Identity 510-07-25-20
(Revised 7/1/2014 ML #3416)**

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3. Identity must be established and documented as provided in this section.
- d. Primary and preferred verification of identity. Verification documents must be presented in their official and original form as received from the issuing agencies. Photocopies or notarized copies are not acceptable. Once an original document is presented, a photocopy must be made and maintained in the casefile.

Primary Verifications of Identity
(Level One)

These Documents Verify both Citizenship and Identity:	Explanatory Information:
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US Passport or US Passport Card issued since 2007	<ul style="list-style-type: none"> • Issued by the Department of State. • Does not have to be currently valid, as long as it was issued without limitation; (any passport issued with a limitation cannot be used to verify citizenship, but CAN be used to verify identity). • The passport card is for frequent travelers by land or sea between the US and Canada, Mexico, the Caribbean and Bermuda.
Certificate of Naturalization (DHS/INS Forms N-550 or N-570)	<ul style="list-style-type: none"> • Department of Homeland Security or Immigration and Naturalization Service (INS) issues for naturalization.
Certificate of US Citizenship (DHS/INS Forms N-560 or N-561)	<ul style="list-style-type: none"> • Department of Homeland Security or INS issues certificates of citizenship to individuals who derive citizenship through a parent.
Tribal Enrollment Card Certificate of Degree of Indian Blood Or other documents issued by a federally recognized Indian tribe that evidences membership or enrollment with such tribe	<ul style="list-style-type: none"> • A Document issued by a federally recognized Indian tribe evidencing membership or enrollment or affiliation with, such tribe. See following table for acceptable verifications from ND tribes.
Social Security's TPQY Online Query Response (TPOR) <u>Citizenship verification received from using the "Other Benefits" inquiry in the NDVerify system or through the citizenship verification system available through the Federally Facilitated Marketplace (FFM) – as automated through the Streamlined application process.</u>	<ul style="list-style-type: none"> • Acceptable codes are: <ul style="list-style-type: none"> ◦ "Verified with positive citizenship" or ◦ "Verified with positive citizenship; Deceased, or" ◦ <u>"Citizenship Verified"</u>

10. 510-07-25-25 – Citizenship and Alienage:

- The primary verification of citizenship table under subsection 5(a) is **updated** to clarify that the citizenship verification received using the "other benefit" inquiry through ND verify is a level one identity verification.

Citizenship and Alienage 510-07-25-25 (Revised 7/1/2014 ML #3416)

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5. Acceptable documentation for US citizens and naturalized citizens.
- The following documents may be accepted as proof of both citizenship and identity because either the US, a state, or Tribal government has established the citizenship and identity of the individual. These documents are considered to be the primary (Level 1) and preferred verification documents.

Primary Verifications (Level 1)

These Documents Verify both Citizenship and Identity:	Explanatory Information:
US Passport or US Passport Card issued since 2007	<ul style="list-style-type: none"> Issued by the Department of State. Does not have to be currently valid, as long as it was issued without limitation; (any passport issued with a limitation cannot be used to verify citizenship, but CAN be used to verify identity). The passport card is for frequent travelers by land or sea between the US and Canada, Mexico, the Caribbean and Bermuda.
Certificate of Naturalization (DHS/INS Forms N-550 or N-570)	<ul style="list-style-type: none"> Department of Homeland Security or Immigration and Naturalization Service (INS) issues for naturalization.
Certificate of US Citizenship (DHS/INS Forms N-560 or N-561)	<ul style="list-style-type: none"> Department of Homeland Security or INS issues certificates of citizenship to individuals who derive citizenship through a parent.
Tribal Enrollment Card Certificate of Degree of Indian Blood; OR Other documents issued by a federally recognized Indian tribe that evidences membership or enrollment with such tribe	<ul style="list-style-type: none"> A document issued by a federally recognized Indian tribe evidencing membership or enrollment or affiliation with, such tribe. See following table for acceptable verifications from ND tribes.
Social Security's TPQY Online Query Response (TPOR)	<ul style="list-style-type: none"> Acceptable codes are: <ul style="list-style-type: none"> "Verified with positive citizenship" or

<u>Citizenship verification received from using the "Other Benefits" inquiry in the NDVerify system or through the citizenship verification system available through the Federally Facilitated Marketplace (FFM) – as automated through the Streamlined application process.</u>	<ul style="list-style-type: none"> ○ "Verified with positive citizenship; Deceased, or" ○ <u>"Citizenship Verified"</u>
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11. 510-07-25-38 Qualified Aliens:

- Language is added to this section to clarify that qualified aliens, other than some legally admitted for permanent residence are eligible from their date of arrival in the US.

Qualified Aliens 510-07-25-38 (Revised 7/1/2014 ML #3416)

[View Archives](#)

Qualified aliens are aliens that have been legally admitted and may be eligible for Healthy Steps if they meet all other Healthy Steps eligibility criteria. Some qualified aliens may be eligible under the Refugee Medical Assistance Program 510-05-95-20 if they do not meet all other Health Steps eligibility criteria. The following categories of individuals are qualified aliens: (Forms indicated below are USCIS or INS forms and the sections refer to the Immigration and Nationality Act (INA)).

Individuals with the documents described in subsections 2 through 13 below may be eligible for Healthy Steps from their date of arrival in the North Dakota as long as they meet other Healthy Steps criteria:

12. 510-07-25-50 Social Security Numbers:

- Language is added to clarify that Social Security verifications received through the NDVerify system are considered to be accurate and no further verification is necessary.

Social Security Numbers 510-07-25-50 (Revised 7/1/2014 ML #3416)

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Social Security numbers are electronically verified through the NUMIDENT and the NDVerify system for all recipients. When a number is reported as not valid, the recipient must provide their valid SSN in order to continue eligible for Healthy Steps.

13. 510-07-25-55 State Residence:

- Remove the section titled: 'This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014', as information regarding these policies can be viewed in the archive section of this manual.
- Removed the title 'For Applications and Reviews Received on or after October 1, 2013 for benefits starting January 1, 2014', as information in the latest version of the manual includes policies and procedures for processing Healthy Steps eligibility under ACA policies that became effective January 1, 2014.
- Renumbered items in this section for ease of reading
- Removed reference to 'Living Independently' as this no longer applies to ACA Healthy Steps.
- Added 'Living with' criteria in this section as this is a new definition that has been added to this Manual Chapter and applies to ACA Healthy Steps.

**State Residence 510-07-25-55
(Revised 7/1/2014 ML #3416)**

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~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014.~~

~~A child must be a resident of North Dakota to be covered under Healthy Steps. A resident of the state is an individual who is living in the state voluntarily and not for a temporary purpose. Temporary absences from the state with subsequent returns to the state, or intent to return when the purpose of the absence has been accomplished, do not interrupt continuity of residence. Residence is retained until abandoned or established in another state.~~

~~For individuals entering the state, the earliest date of residency is the date of entry. Residence may not be established for individuals who claim residence in another state.~~

~~A child may have an open Medicaid or CHIP case in the other state for a period of time after the child moves; however, most states will not cover out of state care. If the other state will pay for the care in North Dakota, wait to open the case until the other state stops the coverage. Likewise, when an individual leaves the state, eligibility is ended as soon as, and in accordance with, proper notice. This information must be documented in the casefile.~~

~~1. Individuals under age twenty-one:~~

- ~~a. For any individual under age twenty one who is living independently from his parents or who is married and capable of indicating intent, the state of residence is the state where the individual is living with the intention to remain there permanently or for an indefinite period.~~
- ~~b. For any other non institutionalized individual under age twenty one, the state of residence is the state in which the child is living with the child's parent or another caretaker relative on other than a temporary basis. A child is normally considered to be living in the state temporarily if:
 - ~~i. The child comes to North Dakota to receive an education, special training, or services in the Anne Carlson School, maternity homes, vocational training centers, etc. if the intent is to return to the child's home state upon completion of the education or service;~~
 - ~~ii. The child is placed by an out of state court into the home of relatives or foster parents in North Dakota on other than a permanent basis or on other than an indefinite period; or~~
 - ~~iii. The child entered the state to participate in Job Corps or other specialized services if the intent is to return to the child's home state upon completion of the activity or service.~~~~
- ~~c. For any institutionalized individual under age twenty one who is neither married nor living independently, residence is that of the parents or legal guardian at the time of placement or the state of residence of the parent or legal guardian at the time of Medicaid application if the child is institutionalized in the same state. Only if the parental rights have been terminated, and a guardian or custodian appointed, may the residence of the guardian or custodian be used. If the individual has been abandoned by his parents and does not have a guardian, the individual is a resident of the state in which the individual lives.~~

~~2. Individuals age twenty one and over:~~

- ~~a. For any individual not residing in an institution, the state of residence is the state where the individual is living with the intention to remain there permanently or for an indefinite period or is entering the state with a job commitment or seeking employment.~~

~~The state of residence, for Healthy Steps purposes, of migrants and seasonal farm workers is the state in which they are living due to employment or seeking employment.~~

~~b. For any institutionalized individual, the state of residence is the state where the individual is living with the intention to remain there permanently or for an indefinite period.~~

~~3. Individuals placed in out-of-state institutions by a state agency retain residence in that state regardless of the individual's indicated intent or ability to indicate intent. State residence ends, however, when the competent individual leaves the facility in which the individual was placed by the state. Providing information about another state's Healthy Steps program or about the availability of health care services and facilities in another state, or assisting an individual in locating an institution in another state, does not constitute a state placement.~~

~~State agencies include human service centers, the Division of Juvenile Services, special education, county social service offices, the Department of Human Services, and the Health Department. Tribal entities and hospital social workers or other staff are not state agencies~~

~~4. For any individual receiving a state supplemental payment, the state of residence is the state making the payment.~~

~~5. For any individual on whose behalf payments for regular foster care are made, the state of residence is the state making the payment.~~

~~6. When two or more states cannot agree which state is the individual's state of residence, the state of residence is the state in which the individual is physically present.~~

For Applications and Reviews Received on or after October 1, 2013 for benefits starting January 1, 2014:

A child must be a resident of North Dakota to be covered under Healthy Steps. A resident of the state is an individual who is living in the state voluntarily and not for a temporary purpose. Temporary absences from the state with subsequent returns to the state, or intent to return when the purpose of the absence has been accomplished, do not interrupt continuity of residence. Residence is retained until abandoned or established in another state.

1. For individuals entering the state, the earliest date of residency is the date of entry. Residence may not be established for individuals who claim residence in another state.

A child may have an open Medicaid or CHIP case in the other state for a period of time after the child moves; however, most states will not cover

out-of-state care. If the other state will pay for the care in North Dakota, wait to open the case until the other state stops the coverage. Likewise, when an individual leaves the state, eligibility is ended as soon as, and in accordance with, proper notice. This information must be documented in the casefile.

2. Students under age 22, who apply for ACA Healthy Steps on their own behalf, are considered North Dakota residents if:
 - a. Either parent resides in North Dakota; or
 - b. If claimed as a tax dependent by someone who resides in North Dakota; or
 - c. If no one claims the individual, they may be considered residents of North Dakota provided the individual intends to remain in North Dakota.

1. 3. Individuals under age twenty-one:

- a. For any individual under age twenty-one ~~who is living independently from his parents—~~who is emancipated or who is married and capable of indicating intent, the state of residence is the state where the individual is living with the intention to remain there.
- b. For any other non-institutionalized individual under age twenty-one, the state of residence is the state in which the child is 'living with' the child's parent or another caretaker relative on other than a temporary basis. A child is normally considered to be living in the state temporarily if:
 - i. The child comes to North Dakota to receive an education, special training, or services in the Anne Carlson School, maternity homes, vocational training centers, etc. if the intent is to return to the child's home state upon completion of the education or service;
 - ii. The child is placed by an out-of-state court into the home of relatives or foster parents in North Dakota on other than a permanent basis or on other than an indefinite period; or
 - iii. The child entered the state to participate in Job Corps or other specialized services if the intent is to return to the child's home state upon completion of the activity or service.

For any institutionalized individual under age twenty-one who is neither married nor ~~living independently emancipated~~, residence is that of the parents or legal guardian at the time of placement or the state of residence of the parent or legal guardian at the time of Medicaid application if the child is institutionalized in the same state. Only if the parental rights have been terminated, and a guardian or custodian appointed, may the residence of the guardian or custodian be used. If

the individual has been abandoned by his parents and does not have a guardian, the individual is a resident of the state in which the individual lives.

~~2-~~ 4. Individuals age twenty-one and over:

- a. For any individual not residing in an institution, the state of residence is the state where the individual is living with the intention to remain there or is entering the state with a job commitment or seeking employment.

The state of residence, for Healthy Steps purposes, of migrants and seasonal farm workers is the state in which they are living due to employment or seeking employment.

- b. For any institutionalized individual, the state of residence is the state where the individual is living with the intention to remain there permanently or for an indefinite period.

~~3-~~ 5. Individuals placed in out-of-state institutions by a state agency retain residence in that state regardless of the individual's indicated intent or ability to indicate intent. State residence ends, however, when the competent individual leaves the facility in which the individual was placed by the state. Providing information about another state's Healthy Steps program or about the availability of health care services and facilities in another state, or assisting an individual in locating an institution in another state, does not constitute a state placement.

State agencies include human service centers, the Division of Juvenile Services, special education, county social service offices, the Department of Human Services, and the Health Department. Tribal entities and hospital social workers or other staff are not state agencies.

~~4-~~ 6. For any individual receiving a state supplemental payment, the state of residence is the state making the payment.

~~5-~~ 7. For any individual on whose behalf payments for regular foster care are made, the state of residence is the state making the payment.

~~6-~~ 8. When two or more states cannot agree which state is the individual's state of residence, the state of residence is the state in which the individual is physically present.

Income 510-07-40

14. 510-07-40-05 Income Considerations:

- This section has been reworded to add and clarify policy when considering income using ACA Income Methodologies.
- Added three new subsections to this section to add and clarify policy for counting income for individuals who have:
 - Ownership in a Partnership or Corporation 510-07-40-05-05
 - Income from Conservation Reserve Program Property 510-07-40-05-10
 - Income as a result of residing in a Communal Colonies 510-07-40-05-15

Income Consideration 510-07-40-05**(Revised 7/1/2014 ML #3416)**

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Income is defined as any cash payment, which is considered available to a Healthy Steps unit for current use. Income may be earned or unearned and must be reasonably evaluated using MAGI Methodologies.

"Earned Income" is income that is currently received as wages, salaries, commissions, or profits from activities in which an individual or family is engaged through either employment or self-employment. Income is "earned" only if the individual or family contributes an appreciable amount of personal involvement and effort. "Earned income" shall be applied in the month in which it is normally received.

Note: If earnings from more than one month are received in a single payment, the payment must be divided by the number of months in which the income was earned, and the resulting monthly amounts shall be attributed to each of the months with respect to which the earnings are received.

1. MAGI income methodologies must be applied to all ACA Medicaid Households.
2. Current, point-in-time income must be used.
1. 3. All income that is actually available must be considered. Income is actually available when it is at the disposal of an applicant, recipient, or responsible relative; when the applicant, recipient, or responsible relative has a legal interest in a liquidated sum and has the legal ability to make the sum available for support, maintenance, or medical care; or when the applicant, recipient, or responsible relative has the lawful power to make the income available or to cause the income to be made available.

Income that is withheld because of garnishment or to pay a debt or other legal obligation is still considered available.

Title II and SSI overpayments being deducted from Title II benefits are normally considered to be available because the applicant or recipient can pursue a waiver of the overpayment. Only if the waiver has been denied after a good faith effort, can the Title II or SSI overpayment deductions be considered unavailable.

Occasionally other delinquent debts owed to the federal government may be collected from an individual's federal payment benefit (i.e. Title II, Civil Service, and Railroad Retirement). These other reductions of federal benefits are not allowed to reduce the countable benefit amount. The award amount of the federal benefit is counted as available except to the extent an undue hardship is approved for the individual.

Requests for undue hardship exceptions must be submitted to the Medicaid Eligibility Unit where a determination will be made whether an undue hardship exists. An undue hardship may be determined to exist for all or a portion of the debt owed, or all or a portion of the reduction from the monthly income.

An undue hardship will be determined to exist only if the individual shows all of the following conditions are met:

- a. The debt is a debt owed to the Federal government;
- b. The deduction from the individual's federal payment benefit was non-voluntary;
- c. The amount of the deduction exceeds the Medicaid income level(s) to which the individual and the individual's spouse is subject;
- d. The individual has exhausted all lawful avenues to get the reduction waived, forgiven, or deferred; and
- e. The individual or their spouse do not own assets that can be used to pay for the debt.

An individual may have rights, authority, or powers that he or she does not wish to exercise. An example includes an individual who allows another individual ~~a relative~~ to use excluded or exempted assets free or at a reduced rental. In such cases, a fair rental amount will be counted as available income whether or not the applicant or recipient actually receives the income.

- 2- 4. The financial responsibility of any individual for any other member of the Healthy Steps Unit will be limited to the responsibility of spouse for spouse and

~~parents for children under age twenty one, or if blind or disabled, under age eighteen. is determined based on their tax filing status as well as the individual's relationship to those with whom the individual resides, as defined at 510-07-25-05, "ACA Healthy Steps Household". using MAGI Household unit rules and MAGI Methodologies at Such responsibility is imposed as a condition of eligibility for Healthy Steps. Except as otherwise provided in this section, the income of the spouse and parents is considered available even if that income is not actually contributed. Natural, and adoptive, and step- parents, but not stepparents, are treated as parents.~~

- ~~3. All parental income is considered actually available to a child unless:~~
- ~~a. The child is living independently; or~~
 - ~~b. The parents file a tax return but do not claim the child as a dependent AND the child files their own return; or~~
 - ~~c. The child is living with a parent who is separated from the child's other parent, with or without court order, if the parents did not separate for the purpose of securing Healthy Steps benefits.~~
4. 5. Income may be received weekly, biweekly, monthly, intermittently, or annually. However income is received, a monthly income amount must be computed.

~~To convert biweekly earnings, total the biweekly checks and divide by the number of checks (2 or 3) to arrive at the biweekly average. The biweekly average is then multiplied by 2.15.~~

Exceptions

- ~~1. Income conversion does not apply to self-employment income.~~
 - ~~2. Income will not be converted when it is known that a household will not receive the income on each of the weekly or biweekly pay dates.~~
5. 6. Many benefit programs deposit an individual's monthly benefit onto a debit card. Examples of these benefit programs are TANF benefits, Unemployment Insurance Benefits (UIB), Child Support benefits, Workforce Safety and Insurance (WSI), Social Security Administration Benefits (SSA), and Supplemental Security Income (SSI) benefits.

Individuals may also receive as gifts or bonuses such things as gift cards, debit cards, prepaid credit cards or 'in-store credits'. Examples include bonus or commission payments, compensation for work performed, or Tribal Gaming Per Capita Distributions from gaming revenues etc. Any balance remaining on these debit cards are considered a liquid asset beginning the month following

~~the month it was deposited on the card and counted as income. **These could be earned or unearned income by applying appropriate policy.**~~

Note: These benefits must be determined whether countable or disregarded based on ACA Healthy Steps Policy.

~~Payments that are normally disregarded as income, such as SNAP or TANF benefits, disregarded Tribal payments (other than per capita payments from gaming revenues), and occasional small gifts, continue to be disregarded as income regardless of the form of payment (510-05-85-25 Post Eligibility Treatment of Income, 510-05-85-30 Disregarded Income – Medicaid, 510-07-40-30 Disregarded Income – Healthy Steps). All other such payments are counted as income.~~

- ~~6. MAGI methodologies must be applied for all Healthy Steps applications and reviews received on or after January 1, 2014.~~
7. Earnings paid under a contract must be prorated over the period the contract covers.
Example: A teacher receives paychecks in August through May, however the contract covers 12 months and the contracted salary is \$30,000. The annual salary is prorated over 12 months. Countable ACA Income is \$2500 per month.

Occasionally, migrants may receive an advance lump sum payment to reimburse or cover travel expenses. Such reimbursement is normally received prior to their arrival and is not considered earned income. An advance for wages, however, is counted as earned income and is prorated over the months it is intended to cover.

Example: Don is a migrant worker who received a reimbursement from his grower for traveling to North Dakota to work. This reimbursement is disregarded from income as a reimbursement. Don's grower also gave him a wage advance of \$900 in May for the months of June, July and August. The wage advance would be prorated over the months of June, July, and August as earned income.

In addition, migrants may not receive an advance lump sum, but will be paid in a lump sum at the end of their employment or contract period. Such income is prorated over the period the payment is intended to cover.

8. Bonuses, profit sharing, and other similar payments are not considered lump sum earnings or wages received other than monthly, but an extra payment of

earned income based on a productive period. These are considered income in the month received.

9. Individuals who lost a source of income (earned or unearned) in the month of application will not have income from that source annualized. The terminated source of income actually received in the application month will only be counted in the month terminated.

Ownership in a Partnership or Corporation 510-07-40-05-05 (Revised 7/1/2014 ML #3416)

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Income from ownership in a Partnership or Corporation is countable income for ACA Medicaid.

1. Partnerships

A partnership is a self-employment business set up as a partnership with two or more partners. A partner's share of income, gain, loss, deductions or credits is determined by a partnership agreement.

An individual, who is an owner or part owner in a partnership, will be issued a Schedule K-1 (Form 1065) from the partnership, which lists the income they received.

2. Corporation

A company or group of people authorized to act as a single entity (legally a person) and recognized as such in law. Shareholders have the right to participate in the profits, through dividends and/or the appreciation of stock, but are not held personally liable for the company's debts.

The information from the Form 1099-DIV is used when the individual files their personal income taxes.

3. S –Corporation

An S-Corporation is a separate business entity with 1 to 100 shareholder(s) that passes through the net profit or loss to their shareholder(s). The business profits are taxed at individual tax rates on each individual shareholder's income tax.

The information from the appropriate K-1 is entered on the Schedule E of the individuals' personal income tax forms.

If the individual provides a copy of their income tax forms, the countable income from the K-1, 1099-DIV, or Schedule E would be carried over to the Form 1040. Therefore, the **Adjusted Gross Income** from the Form 1040 would be used.

If the individual does not file taxes, the net income from the individual's schedule 1099-DIV or K-1 from the corporation or partnership, will be used, plus any wages paid to the individual in addition to the net income.

If the 1099-DIV or K-1 is not prepared, ledgers must be provided.

Treatment of Conservation Reserve Program Payments 510-07-40-05-10 (Revised 7/1/2014 ML #3416)

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Treatment of income and expenses from Conservation Reserve Program Property is defined as follows:

1. Income: CRP payments are considered income. They will be included in the net income amounts from schedule C, E, or F.
 - If the individual provides a copy of their income tax forms, the countable income would be carried over to the Form 1040. Therefore, the **Adjusted Gross Income** from the Form 1040 would be used.
 - If the individual does not file taxes, use the gross amount from the form 1099 less all related expenses including property taxes, insurance and other expenses for the land. CRP payments no longer need to be segregated from farm income for **ACA Healthy Steps Households**.
2. Expenses: Actual expenses for maintaining the CRP contract must be allowed including those expenses for property ownership such as taxes and insurance.

- If the individual provides a copy of their income tax forms, the allowable expenses would have been subtracted from the income prior to the income being carried over to the Form 1040. Therefore, the Adjusted Gross Income from the Form 1040 would be used.
- If the individual does not provide a copy of their income tax forms, the individual will need to provide ledgers of the expenses.

Communal Colonies 510-07-40-05-14

Communal Colonies 510-07-40-05-14 **(Revised 7/1/2014 ML #3416)**

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Individuals who live communally (i.e. Hutterites, Mennonites, Amish, etc.) may or may not have a collective ownership of property and income. In determining eligibility, it will first be necessary to determine whether collective ownership of assets and income exists.

If the commune has collective ownership, also determine whether the commune is self-employed. Most communal colonies are self-employed in agricultural or manufacturing and are incorporated, or set up as a large partnership. Occasionally, some colonies are not self-employed, but may be working under contract for wages.

1. Income. Most colonies have collective ownership of income, which is often generated from their self-employment venture. When colonies have a collective ownership in income, a share attributable to each individual or family must be determined. Countable income is established as follows:
 - a. If the colony is self-employed, calculate self-employment income based on the previous year of self-employment. From the colony's corporate or partnership tax return:
 - i. Divide the total amount of adjusted gross income by the number of members in the colony to establish each individual's share of income. Multiply this amount by the number of individuals in the ACA Healthy Steps Household to determine the unit's yearly share.

Example: There are 124 members in a colony that is engaged in farming. A family of six in the colony applies for Medicaid. The corporate tax return indicates \$4,922,603 in adjusted gross earnings. Divide \$4,922,603 by 124 members to arrive at each

individual's share of \$39,698.41. Multiply \$39,698.41 by six to arrive at the unit's yearly income of \$238,190.46.

- ii. Identify the income as belonging only to the adults in the ACA Medicaid Household and older children who are actively engaged in the operation. If no individuals in the ACA Medicaid Household are actively engaged in the business, such as an aged or disabled individual, the income is considered to be unearned income; or

Example: An aged individual from a colony engaged in farming applies for Medicaid. The corporate tax return indicates \$4,922,603 in adjusted gross earnings, which is divided by the 124 members in the colony to arrive at each individual's share of \$39,698.41. The income is shown as unearned income because the aged person is no longer actively engaged in the business.

- b. If the colony is not self-employed, but is working under contract for wages:

- i. Divide the total contract income by the number of members in the colony to establish each individual's share of income. Multiply this amount by the number in the ACA Medicaid Household to determine the unit's share; and

- ii. Identify the income as belonging only to the adults in the ACA Medicaid Household, or older children who are actively engaged in the operation. If no individuals in the ACA Medicaid Household are actually engaged in the business, such as an aged or disabled individual, the income is considered to be unearned income.

- c. For members who have other earned or unearned income, the income counts as income of the individual who receives it. Income is counted for the individual, even if the income has been given to the colony.

2. Adding or deleting individuals:

- a. Changes in the unit's share of income must be changed when adding or deleting members to the unit and is based on the number of individuals in the unit. The share is not changed when adding an unborn child until the child is born.

Example: The individual share of income established for a colony, based on the colony's self-employment, is \$350 per individual per month. A family within the colony consists of 5 individuals so the ACA Medicaid Household's total monthly income is \$1,750 (5 x \$350) or

\$21,000 per year. A child is born and added to the unit, so now the unit consists of 6 individuals, and monthly income is \$2,100 (6 x \$350), or \$25,200 per year. If the unit had instead lost a member and reduced in size to 4, the income would have decreased to \$1,400 (4 x \$350), or \$16,800 per year.

- b. The individual's share of income, which is based on the number of members in the colony, is normally determined when calculating annual income from self-employment for self-employed colonies, or for a new contract period for colonies working under a contract for wages. The number of members in the colony does not need to be changed in between these calculations, or when adding or deleting a member from the household. However, if the colony reports a change in the number of members, the individual share must be recalculated based on the new information.

Example 1: The individual share of income has been established for a colony at \$350 per individual per month. This amount was originally calculated based on the number of members in the colony and the colony's self-employment income. A child is born to a family. A new calculation does not have to be made because there may now be more members in the colony, but the \$350 per person per month continues to be used as the individual share of income.

Example 2: The individual share of income has been established for a colony at \$350 per individual per month, and was based on 124 members. A child is born to a family and reported. At the same time, new information is provided that the colony now has 118 members because a different family left the colony, and one member died. A new calculation must be made because a change in the actual membership number has been confirmed by the colony. The new individual share has now increased to \$367.80 per person per month.

Because this section has been moved and renumbered, archives for this section may be found under 510-07-40-27

15. 510-07-40-19 – ACA Healthy Steps Income Methodologies:

- Changed the title of this section to clarify the policy is based on ACA policies
- **Updated** this section to reflect recent interpretations of the Affordable Care Act.

MAGI ACA Healthy Steps Income Methodologies 510-07-40-19
(Revised 7/1/2014 ML #3416)

View Archives

~~Effective for the benefit month of January, 2014, the following MAGI Income Methodologies will be used in determining income eligibility for individuals eligible under the ACA Healthy Steps Program. For benefit months prior to January 2014, please see the appropriate section under "Income" at 510-07-40.~~

1. Income is based on household composition, ~~and tax filer rules,~~ and who resides with the individual.
2. Monthly income is used prospectively for new applications, annualized income for ongoing cases.
3. Current, point in time income is used -- prospecting reasonable expected changes.

Married couples, who file their taxes jointly, must be included in each other's households, even if they are not residing together. This includes situations where one of spouses is incarcerated.

Note: The incarcerated spouse is not eligible for Medicaid.

Income of most children NOT expected to be required to file a federal income tax return is considered as follows:

1. A **tax dependent** child's income does not count in a taxpayer parent's or caretaker's household if the child is not required to file a tax return.
2. A tax dependent CHILD's income does not count in the child's household, IF the tax filer parent or tax filer caretaker is in the child's ACA Healthy Steps household.

Example: Dick and Jane are married and live with their son Bill age 15. Dick and Jane claim Bill on their joint tax return. Bill has a paper route and grossed \$2,000. He does not expect that to change. Because Bill's income is not high enough to require him to file a tax return, his income will not count in Bill's Healthy Steps household, nor that of his parents. If Bill files a return to get a tax refund, he is still treated as not being required to file.

3. If the tax filer parent or tax filer caretaker is NOT in the child's Healthy Steps household, the child's income DOES count in the child's household.

Example: Dick and Jane are married and live together. They file taxes together and claim their son Bill on their joint income tax return. Bill however, has moved out and lives with his brother Ben age 26. Ben does not claim Bill. Bill is not required to file a tax return, however because he does not live with the parent or caretaker who claims him, his income is countable for his Healthy Steps household, but will NOT count in his parent's MAGI household.

4. If the child is not required to file a tax return, however, files a return in order to get a refund of taxes withheld, that child's income is not counted in either the tax-filer's or the child's household as long as the child lives with the caretaker relative that claims them.

If the child IS required to file a tax return, the child's income is counted in all the households in which the child is included.

~~c. Filing requirements change every year and this information may be found in the instructions for Form 1040 at <http://www.irs.gov>.~~

~~d. If the child is not required to file a tax return, however, files a return in order to get a refund of taxes withheld, that child's income is not counted.~~

~~e. Medicaid/Healthy Steps If the child IS required to file a tax return, the child's income is counted in all the households in which the child is included.~~

Filing requirements change every year and this information may be found in the instructions for Form 1040 at <http://www.irs.gov>.

In determining whether a child has to file income tax:

1. If a child has income other than SSA benefits, the child must file if their unearned income (excluding child support) exceeds \$1000.
2. The TAXABLE portion of the child's Social Security (SSA) benefits must be considered. Normally, only 50% of the SSA benefit is subject to taxation.

SSA benefits are only taxable to the extent that 50% of the SSA benefit PLUS the individual's other income exceeds \$25,000. The child's TOTAL yearly income minus half of the SSA income would have to be more than \$25,000 to be taxable; and then only the excess over \$25,000 would be taxable.

If the child's only income were SSA income, the monthly benefit would have to be over \$4,166.67 per month to be countable, and over \$4,333.33 to require filing a tax return.

Example: A child, age 17, receives \$480 per month in Social Security survivor benefits. In addition, the 17 year old is employed and earns approximately \$1000 per month. The child is claimed as a dependent on his parent's tax return.

Based on the child's earned income, he is required to file a tax return. However, his SSA benefits are not taxable as his earnings of \$12,000 for the year plus 50% of the SSA benefits (\$2,880) do not exceed \$25,000.

Non-recurring lump sum payments of income not identified as Disregarded Income in section 510-03-85-30, count only in the month received.

Recurring lump sum payments of ACA Medicaid countable income received after application for Medicaid shall be prorated over the number of months the payments is intended to cover.

- When a payment is received and prorated in an ongoing case, or after a period of Medicaid eligibility, and the case is closed and then reopened during the prorated period, or within the following proration period, the lump sum payment proration must continue.

All other recurring unearned lump sum payments received before application for Medicaid are considered income in the month received and are not prorated.

Calculating "self-employment" Income

Individuals who are self-employed must provide a copy of their most recent income taxes. Information from their most recent income tax forms will be used to determine their countable self-employment income IF it is indicative of what the income will be for the current year.

When a self-employed individual has not filed their taxes or the business is newly established, there are no federal income tax forms to use. In this situation, the household needs to submit copies of their ledgers, receipt books, etc. The county agency and self-employed individual will use the best information available to determine the **countable** income as defined in #1 through #8 below, minus allowable expenses identified in section 510-07-40-35 – Income Deductions.

Net earnings or losses from self-employment as considered for income tax purposes are counted for ACA Healthy Steps Households.

NOTE: Losses from self-employment can be used to offset other countable income.

1. Using the amount from the line on the income tax forms titled 'Adjusted Gross Income (AGI)';
 2. Subtract any amount in the line titled 'Wages, salaries, tips, etc.', as current, point in time income is used.
 3. Subtract the amount in the Capital Gain line, if Capital Gains are not expected to recur. (If they are expected to recur, do not subtract them).
 4. Subtract the amount in the 'Taxable refunds, credits, or offsets of state and local income taxes' line as these are ONLY countable in the month received.
 5. Subtract any scholarships, awards, or fellowship grants used for education purposes and not for living expenses, IF they are included in the 'Adjusted Gross Income'.
 6. Add tax-exempt interest;
 7. Add tax-exempt Social Security income (determined by subtracting the taxable amount of Social Security Benefits from the gross amount.)
 8. Add any NOL- carry over losses; (usually listed on Line 21) as 'carry over' losses are not allowable deductions from current years income.
- ~~5. If using an individual's federal tax return:~~
~~MAGI Income is:~~
~~MAGI = Adjusted Gross Income (AGI) **plus:**~~
~~a. Any foreign earned income excluded from taxes~~
~~b. Tax exempt interest~~
~~c. Tax exempt Social Security income~~
~~**Minus:**~~
~~a. Scholarships, awards, or fellowship grants used for education purposes and not for living expenses are excluded from income.~~
~~b. Certain distributions, payments and student financial assistance for American Indians/Alaska Natives are excluded from income.~~
~~This MUST be updated using current data.~~

6. If ~~not~~ using an individual's federal tax return:

MAGI Income is:

- a. ~~Gross taxable wages (must deduct pre-tax deductions) plus~~
- b. ~~Gross Interest income plus~~
- c. ~~Gross Dividend income plus~~
- d. ~~Taxable refunds of state or local income taxes plus~~
- e. ~~Gross Alimony received plus~~
- f. ~~Net Business income or loss from self-employment plus~~
- g. ~~Capital Gains or losses plus~~
- h. ~~Taxable amounts of IRA distributions plus~~
- i. ~~Taxable Amount of Pensions and annuities plus~~
- j. ~~Net rents, royalties, partnerships, S corporation or trust income plus~~
- k. ~~Net farm income or loss plus~~
- l. ~~Gross unemployment compensation plus~~
- m. ~~Gross Social Security income plus~~
- n. ~~Gross foreign earned income plus~~
- o. ~~Other income~~

Minus:

- a. ~~Educator expenses~~
- b. ~~Business expenses of reservist, performing artists and fee basis government officials~~
- c. ~~Health savings account deduction~~
- d. ~~Moving expenses~~
- e. ~~Deductible portion of self-employment tax~~
- f. ~~Contributions to Self-employed SEP, SIMPLE and qualified plans~~
- g. ~~Self-employed health insurance deduction~~
- h. ~~Penalty on early withdrawal of savings~~
- i. ~~Alimony paid~~
- j. ~~Contributions to IRA~~
- k. ~~Student loan interest deduction~~
- l. ~~Tuition and fee~~
- m. ~~Domestic production activities deduction~~
- n. ~~Scholarships, awards, or fellowship grants used for education purposes and not for living expenses are excluded from income.~~
- o. ~~Certain distributions, payments and student financial assistance for American Indians/Alaska Natives are excluded from income.~~

7. The following income types are not reported on Form 1040 and are not countable income under MAGI methodologies:

- a. ~~Child support income~~

- ~~b. Veteran's benefits (aid and attendance, homebound benefits and reimbursements for unusual medical expense)~~
- ~~c. Supplemental Security Income.~~
- ~~d. Non-taxable income:~~
 - ~~i. Non-taxable foreign earned income,~~
 - ~~ii. Non-taxable interest, and~~
 - ~~iii. The non-taxable portion of Social Security benefits.~~
- ~~e. Temporary assistance to needy families benefits.~~
- ~~f. Workers' compensation benefits.~~
- ~~g. Proceeds from life insurance, accident insurance, or health insurance.~~
- ~~h. Federal tax credits and federal tax refunds.~~
- ~~i. Gifts and loans.~~
- ~~j. Inheritances.~~
- ~~k. Adjustments from gross income that are used in determining adjusted gross income for income tax purposes must be allowed.~~

~~8. Instead of itemized disregards and deductions, a standard disregard equal to 5% of the Federal Poverty Level is allowed under MAGI Methodology.~~

16. 510-07-40-20 – Unearned Income:

- This section has been removed as it is no longer needed. It will display in the archive section of this manual. A new section title 'Countable Income' has been created.

~~Unearned Income 510-07-40-20~~

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. For treatment of income for benefits or applications or reviews on or after January 1, 2014, please see "MAGI Income Methodologies" at 510-07-40-19.~~

~~Unearned income is income that is not earned. Unearned income, which is received in a fixed amount each month, shall be applied in the month in which it is normally received. For example, Social Security benefits received in January will be applied against January need.~~

- ~~1. Recurring unearned lump sum payments received after application for Healthy Steps or Medicaid are prorated over the number of months the payment is intended to cover. When a payment is received and prorated in an ongoing case, or after a period of Healthy Steps or Medicaid eligibility, and the case closes and then reopens during the prorated period, or within the following proration period, the lump sum payment must continue to be used. This~~

prevents cases from being closed temporarily to avoid using the lump sum income. All other recurring unearned lump sum payments received before application for Healthy Steps or Medicaid are not prorated.

2. All nonrecurring unearned lump sum payments, except medical payments of health or long term care insurance payments, Veteran's Administration aid and attendance, Veteran's Administration reimbursements for unusual medical expenses, and Veteran's Administration homebound benefits intended for medical expenses, are considered as income in the month received.

Nonrecurring unearned lump sum payments are counted if the income can be anticipated prospectively for the month in which Healthy Steps eligibility is being determined.

Lump sum retroactive adjustment payments from the SSA due to changes in the individual's earning record are considered nonrecurring lump sums.

3. Types of unearned income include but are not limited to:

- a. Income from pension and benefit programs, such as Social Security, Railroad Retirement, veteran's pension or compensation, veteran's vocational rehabilitation subsistence payments, unemployment compensation, employee or individual pension plans and annuities, union compensation during strikes, Workforce Safety & Insurance, public or private disability payments, etc.

These benefits are to be considered in the full amount awarded within the Healthy Steps unit. However, when a mandatory deduction for taxes is withheld, the benefit is reduced by those deductions (see 07-40-05(1) for policy on how to treat Social Security overpayments);

- b. Voluntary cash contributions from others;

- c. The net amount of court ordered or voluntary support payments and alimony. The net amount of the payment is the amount after fees are deducted from child support payments received by the State Disbursement Unit;

- d. Income from a life estate;

- e. Income from rental of rooms, apartments, or other property except that income from room rentals is considered "earned" if the recipient is actively engaged in the venture by such means as making the bed, changing linens, cleaning the room, etc. The first \$25 of income from each roomer is exempt to defray any associated expenses;

- f. Student income received from the Veterans Administration through the GI Bill or Reserve Education assistance Program (REAP), except that verified out of pocket school expenses (tuition, books and fees) may be deducted. Such expenses may not be deducted from benefits specifically earmarked for housing or personal needs or from Veteran's vocational rehabilitation subsistence payments;

- ~~g. Money received by the Healthy Steps unit as a result of a benefit or fundraiser. (Money that is received by a third party and disbursed to a third party for the benefit of the Healthy Steps Unit is considered an in-kind contribution);~~
- ~~h. Mineral lease income (If a lump sum, count as income in the month received. If recurring, prorate over the period it is to cover);~~
- ~~i. Royalty income less mandatory production taxes withheld prior to distribution (income taxes withheld are not allowed to reduce the royalty payment);~~
- ~~j. Conservation Reserve Program (CRP) payments if the applicant or recipient is not actively engaged in farming.
Actual maintenance expenses, up to \$5 per acre per year, which are not reimbursed (e.g. by ASCS), may be deducted from the gross CRP payments. Actual maintenance expenses are those expenses necessary to maintain the property according to the CRP contract, such as seed, spray, etc. but do not include property taxes or insurance. When the CRP contract requires more extensive maintenance or preparation, the \$5 per acre can be exceeded by actual verified expenses up to the NDSU Extension rate established for the area. When the applicant or recipient receives 100% of the payment, the allowable expenses that are not reimbursed are allowed. When the applicant or recipient only receives a percentage of the payment, that same percentage of the allowable expenses is allowed. For example, if 90% of the payment is received by the applicant, then only 90% of the allowable expenses can be allowed as a deduction;~~
- ~~k. Cooperative payments;~~
- ~~l. Interest payments received as a result of converting an asset (i.e. contractual right to receive money payments);~~
- ~~m. Stipends received to attend an educational facility or training (other than those stipends specifically excluded for victims of domestic violence in 05-40-30);~~
- ~~n. Payment of proceeds or profits to enrolled tribal members from tribal gaming/gambling establishments including Three Affiliated Tribes Elderly Payments (the payments are to be annualized and prorated over 12 months);~~
- ~~o. Sisseton-Wahpeton Oyate Lake Traverse Reservation Food Distribution Program casino cash payments to the elderly is a recurring lump sum payment to be prorated over the period it is intended to cover; and~~
- ~~p. Spirit Lake Nation payments for grades are considered non-recurring lump sums.~~

17. 510-07-40-23 – Countable Income:

- This is a new section to add policy to define what income is countable when determining ACA Healthy Steps eligibility.

Countable Income 510-07-40-23**(Revised 7/1/2014 ML #3416)**[View Archives](#)

The following types of income are countable when determining eligibility for ACA Medicaid:

1. Gross taxable wages, salaries, tips (must deduct pre-tax deductions)
2. Interest income, including tax exempt
3. Dividend income, including tax exempt
4. Taxable refunds of state income taxes (countable only in month received)
5. Gross Alimony received
6. Adjusted net income or loss from self-employment
7. Net Capital Gains (capital gains minus capital losses), if expected to recur in the current year
8. Taxable amounts of IRA distributions
9. Taxable Amount of Pensions and annuities
10. Net rents, royalties, lease, partnerships, S corporation or trust income
11. Gross unemployment compensation
12. Gross Social Security income
13. Veteran's Administration (VA) Retirement Pensions
14. Gross foreign earned income
15. Child's income (See section [510-03-85-13](#), ACA Income Methodologies regarding when to count a child's income.)

16. Short Term Disability payments to replace income
 17. The portion of educational scholarships, awards, and fellowship grants that is used for living expenses or other non-educational related expenses
 18. Per capita payments paid from tribal casino gambling proceeds
 19. Value of prizes or awards
 20. Gambling winnings
 21. Alaska Permanent Funds dividends
 22. Payments for work performed at sheltered workshops, (e.g. Minot Vocational Adjustment Workshop, etc.)
 23. Work-Study Income reported as wages on the individuals tax return
 24. Payments from a trust fund, or from other countable sources deposited into a trust account for the client's benefit count as income of the client
 25. Jury duty pay not given to employer as reimbursement of wages
 26. Income from a life estate
 27. Value of cancelled debts
 28. Other taxable income
18. 510-07-40-25 – Earned Income:
- This section has been removed as it is no longer needed. It displays in the archive section of this manual. A new section title 'Countable Income' has been created.

~~Earned Income 510-07-40-25~~

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. For treatment of income for benefits or applications or reviews on or after January 1, 2014, please see "MAGI Income Methodologies" at 510-07-40-19.~~

Earned income is income which is currently received as wages, salaries, commissions, or profits from activities in which an individual or family is engaged through either employment or self-employment. There must be an appreciable amount of personal involvement and effort, on the part of the individual or family, for income to be considered "earned." Earned income will be applied in the month in which it is normally received.

1. If earnings from more than one month are received in a lump sum payment, the payment must be divided by the number of months in which the income was earned, and the resulting monthly amounts are attributed to each of the months with respect to which the earnings were received.

Similarly, earnings paid under a contract must be prorated over the period the contract covers.

Example: A teacher receives paychecks in August through May, however the contract covers 12 months and the contracted salary is \$30,000. The annual salary is prorated over 12 months for \$2500 per month. The paystubs show that from the August through May monthly checks, \$350 per month is withheld. To annualize the withholdings, take the 10 months of withholdings (10X \$350 = \$3500) and divide by 12 ($\$3500 / 12 = \291.67) to establish the monthly allowable withholdings.

Occasionally, migrants may receive an advance lump sum payment to reimburse or cover travel expenses. Such reimbursement is normally received prior to their arrival and is not considered earned income. An advance for wages, however, is counted as earned income and is prorated over the months it is intended to cover.

Example: Don is a migrant worker who received a reimbursement from his grower for traveling to North Dakota to work. This reimbursement is disregarded from income as a reimbursement. Don's grower also gave him a wage advance of \$900 in May for the months of June, July, and August. The wage advance would be prorated over the months of June, July, and August as earned income.

Bonuses, profit sharing, and other similar payments are not considered lump sum earnings or wages received other than monthly, but an extra payment of earned income based on a productive period, and are considered income in the month received.

2. Types of earned income include:
 - a. Wages, salaries, commissions, bonuses, severance pay, or profit received as a result of holding a job or being self-employed;

- b. Earnings from on the job training as provided by Title II Young and Adult Programs;
 - c. Wages received as the result of participation in the Mainstream and Experience Works (formerly Green Thumb) Programs, both funded by the U.S. Department of Labor, or the Senior Community Service Employment Program (SCSEP);
 - d. Earnings of recipients employed by school as teachers' aides, etc., under Title I of the Elementary and Secondary Education Act;
 - e. Wages received from sheltered workshop employment;
 - f. Sick leave pay or loss of time private insurance paid for the loss of employment due to illness (but does not include public or private disability payments);
 - g. Compensation for jury duty;
 - h. Wages from the Economic Opportunity Act programs under Title I and Title II;
 - i. Tips. Recipient's statement as to average amount of tips received each month is adequate if consistent with place and kind of employment and number of hours worked;
 - j. Income in-kind in lieu of wages;
 - k. Wages received for on the job training placement under the Workforce Investment Act (WIA);
 - l. The "living allowance" portion of earnings from AmeriCorps; and
 - m. The Family Subsistence Supplemental Allowance (FSSA) paid to members of the Armed Services.—
3. When an applicant or recipient and other members of the Healthy Steps unit, in combination, own a nominal interest in a business entity, and are not able to influence the nature or extent of employment by that business entity, the individual is not considered to be self-employed, but an employee of the business entity. The individual's earned income as an employee, plus any unearned income gained from ownership of the interest in the business entity, is considered.—
4. Calculating "self-employment" income:
- a. Calculate self-employment income based on the previous one year of self-employment taken from the federal income tax return. If the previous year's tax return has not been filed, the prior year's tax return will be used.
- Example:** A family applies in March 2007 for Healthy Steps. They are self-employed and have not filed their 2006 tax return. The 2005 tax return would then be used.

If the household fails Healthy Steps based on income, calculate the self-employment income based on the average of the previous three years of self-employment from that business. If the previous year's tax return has not been filed or the business has been in existence for fewer than three years, use the income tax returns from the previous three years that have been filed.

Example 1: A family applies in March 2007 for Healthy Steps. they are self-employed and have not filed their 2006 tax return. The 2005 and 2004 tax returns would then be used.

Example 2: A self-employed family applies for Healthy Steps in 2007. Their business has only been in operation since 2005. The 2006 and 2005 tax returns are used to calculate the average yearly income.

- b. For a business that has been operating for the full tax year, monthly self-employment income is one twelfth of the amount from:
- i. The business income or loss from page one of the individual's form 1040; or
 - ii. The partnership or corporation income or loss from page two of Schedule E of the individual's form 1040; or
 - iii. The farm income or loss from page one of the individual's form 1040; and
 - iv. Capital or other gains or losses, related to the self-employment business, from page one of the individual's form 1040; and
 - v. The self-employment schedules C (non-farming self-employment), F (farming self-employment), 1120 (corporation), and 1065 (partnership) must be examined to determine if there is any income from cooperative dividends or CRP (if not actively engaged in farming). If so, CRP income of non-farmers and the cooperative dividends for both farmers and non-farmers must be subtracted from the self-employment income and treated as unearned income. If from a partnership or corporation, the determination of the individual's share of the cooperative dividends or CRP income is taken from the individual partner's Schedule K-1. The supporting schedules must also be examined to determine whether the income includes disaster agricultural payments or other disaster payments made to the self-employment entity as they must be deducted from the gross income on the tax schedules as this is disregarded income.

~~One twelfth of the allowable deductions using the "Adjusted Gross Income" subtotal line from page one of the individual's form 1040 are subtracted from the net result (business income or loss and capital gain or loss) to arrive at countable monthly income from self-employment. If household has more than one self-employment business, only one "Adjusted Gross Income" deduction is allowed. Self-employment losses offset other household income.~~

- ~~c. For a business that has been operating for less than a full tax year, but is reflected on the form 1040, divide the self-employment income by the number of months of the tax year that the business has been operating. The self-employment income used is the amount from:~~
- ~~i. The business income or loss from page one of the individual's form 1040; or~~
 - ~~ii. The partnership or corporation income or loss from page two of Schedule E of the individual's form 1040; or~~
 - ~~iii. The farm income or loss from page one of the individual's form 1040; and~~
 - ~~iv. Capital or other gains or losses, related to the self-employment business, from page one of the individual's form 1040.~~
 - ~~v. The self-employment schedules C (non-farming self-employment), F (farming self-employment), 1120 (corporation), and 1065 (partnership) must be examined to determine if there is any income from cooperative dividends or CRP (if not actively engaged in farming). If so, CRP income of non-farmers and the cooperative dividends for both farmers and non-farmers must be subtracted from the self-employment income and treated as unearned income. If from a partnership or corporation, the determination of the individual's share of the cooperative dividends or CRP income is taken from the individual partner's Schedule K-1. The supporting schedules must also be examined to determine whether the income includes disaster agricultural payments or other disaster payments made to the self-employment entity as they must be deducted from the gross income on the tax schedules as this is disregarded income.~~

~~The "Adjusted Gross Income" deductions from page one of the individual's form 1040 divided by the number of months the business operated during the year are subtracted from the net result to arrive at countable monthly income from self-employment. If household has more than one self-employment~~

business, only one "Adjusted Gross Income" deduction is allowed.
Self-employment losses offset other household income.

- d. If the most recently available federal income tax return does not accurately predict income because the business has been recently established, has been terminated, has been subjected to a severe change such as an uninsured loss, or a decrease or increase in the size of the operation, income statement, business records and ledgers reflecting income and expenses, or any other reliable information may be used to compute self-employment income.

QSP rates change each July, and per policy at 510-07-40-05(1), all income which is available to a unit must be considered. The annual increase in the rate paid is a known increase, so must be taken into consideration when determining income. The daily rate the QSP is paid should be used. It is important also to note that income tax returns filed by QSPs who are providing services to a family member may only include the income they are paid by the Department, and not the Medicaid client share (recipient liability) amount that is applied toward the QSP bill (because they did not collect the client share from their family member). The client share due the QSP is income they are paid in addition to that from the Department. The available income to the QSP must include the higher rate and any client share amounts due them.

To address both issues, the daily rate the QSP is paid should be used to determine the gross income amount of self-employment income. The expenses from Schedule C and the Gross Income Deduction from Form 1040 should still be deducted to arrive at net self-employment income for the year. If the family does not pass the Healthy Steps income test using this amount, the average from the past three years of self-employment can still be used to determine whether the children are eligible. Following is an example:

Example: The Brown family is applying for Healthy Steps coverage for their children. Mr. Brown receives HCBS services. Mrs. Brown is the QSP and she is entitled to receive the current rate of \$36.51 per day. Prior to July she was paid only \$26.84 per day. Instead of using last year's tax return, the current rate should be used beginning in July. \$36.51 x 365 divided by 12 provides a monthly estimate of earnings, to which the expenses from Schedule C and the Gross Income Deduction from Form 1040 should be subtracted to arrive at

~~net self-employment income. This amount can be used until there is a rate change, at which time a new calculation is needed.~~

~~New rate increase information can be obtained from the QSP, or from the HCBS case manager, as rates will vary by case, depending on the type and amount of services received.~~

- ~~e. Once self-employment income is calculated, it is divided by the number of individuals listed on the self-employment schedules.~~

19. 510-07-40-27 – Communal Colonies:

- This section has been removed as information from this section moved to a new section under Income Considerations section; 510-07-40-05-15, Communal Colonies. It will remain in the archive section of this manual section.

~~Communal Colonies 510-07-40-27~~

- ~~1. Most colonies have collective ownership of income, which is often generated from their self-employment venture. When colonies have a collective ownership in income, a share attributable to each individual or family must be determined. Countable income is established as follows:~~
 - ~~a. If the colony is self-employed, from the colony's corporate or partnership tax return.~~
 - ~~i. Divide the net income or loss by the number of members in the colony to establish each individual's share of income. Multiply this amount by the number of individuals in the Healthy Steps unit to determine the unit's share. If the tax return represents an entire year of the business operation, one twelfth of the unit's share is the monthly income (if in business less than a year divide by the number of months instead of twelve); and~~

Example: ~~There are 124 members in a colony that is engaged in farming. A family of six in the colony applies for Health Care Coverage. The corporate tax return indicates \$60,114 in net earnings. \$60,114 is divided by 124 members to arrive at each individual's share of \$484.79. Multiply \$484.79 by six to arrive at the unit's share of \$2908.74 in countable annual income. Divide by 12 to determine the Healthy Steps unit's monthly income of \$242.40.~~
 - ~~ii. Identify the income as belonging only to the adults in the Healthy Steps unit, or older children who are actively engaged in the~~

- ~~operation and are not students, and allow the appropriate earned income deductions for those individuals who are actively engaged in the operation.~~
- iii. ~~Calculate self-employment income based on the previous year of self-employment, and if the household fails Healthy Steps based on income, calculate the self-employment income based on the average of the previous three years of self-employment from that business. If the colony's business has been in operation for less than three consecutive years, use the actual number of years the colony's business has been in operation to calculate the average yearly income.~~
- b. ~~If the colony is not self-employed, but is working under contract for wages:~~
- i. ~~Divide the total contract income by the number of members in the colony to establish each individual's share of income. Multiply this amount by the number in the Healthy Steps unit to determine the unit's share; and~~
- ii. ~~Identify the income as belonging only to the adults in the Healthy Steps unit, or older children who are actively engaged in the operation and are not students, and allow the appropriate earned income deductions for those individuals who are actively engaged in the operation. If no individuals in the Healthy Steps unit are actually engaged in the business, the income is considered unearned income; and~~
- c. ~~For members who have other earned or unearned income, the income counts as income of the individual who receives it and the Healthy Steps policies apply to the income. Income is counted for the individual, even if the income has been given to the colony.~~

20. 510-07-40-28 – Income Conversion:

- This is a new section to add policy to define policy for conversion of income when determining ACA Healthy Steps eligibility.

Income Conversion 510-03-85-20
(Revised 7/1/2014 ML #3416)

View Archives

For purposes of this section:

'Biweekly' is defined as receiving earnings every two weeks.

Example: Individual receives a paycheck every other Monday.

In cases where income, (both earned and unearned) is received either weekly or biweekly, income must be converted when determining the households countable income.

1. To convert earnings received weekly, total the weekly checks and divide by the number of checks (4 or 5) to arrive at the weekly average. The weekly average is then multiplied by 4.3.
2. To convert biweekly earnings, total the biweekly checks and divide by the number of checks (2 or 3) to arrive at the biweekly average. The biweekly average is then multiplied by 2.15.

If tips, commissions, bonuses or incentives are paid or reported weekly or biweekly and are included in the gross income on the weekly or biweekly paycheck or pay stub, they are converted.

If tips, commissions, bonuses or incentives are paid or reported weekly or biweekly and are included on the paycheck or pay stub, but not in the gross income and the paychecks are received weekly or biweekly, they must be added to the gross income and converted.

If tips, commissions, bonuses or incentive are not paid weekly or biweekly, they are not converted. The tips, commissions, bonuses or incentives must be counted separately as earned income.

Examples:

1. Cash tips received daily and reported monthly are not converted.
2. Tips paid in a separate check that is not paid weekly or biweekly are not converted.
3. A household reports June 20 that a member started a new job and received the first paycheck on June 25th and is paid every Wednesday. Income for the month of application is not converted (June) because the individual did not receive income each Wednesday in June. Actual anticipated income is used for June. Income is converted for July.
4. A household reports on May 10 that a household member lost their job on May 9 and will receive a final paycheck on May 16. When calculating eligibility for May, the income for this household member is not converted, as the individual will not receive income each week in May. No income can be anticipated from this job for June.

21. 510-07-40-30 – Disregarded Income:

- This section is being rewritten to clarify what income is disregarded when determining eligibility for ACA Healthy Steps.
- The link to IM 5160 is removed as that IM has expired.

**Disregarded Income 510-07-40-30
(Revised 7/1/2014 ML #3416)**

View Archives

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. For treatment of income for benefits or applications or reviews on or after January 1, 2014, please see "MAGI Income Methodologies" at 510-07-40-19.~~

The following types of income are not reported on Form 1040 and must be disregarded in determining ACA Healthy Steps eligibility:

1. Non-taxable income other than

- Non-taxable foreign earned income,
- Non-taxable interest or dividend income;
- The non-taxable portion of Social Security Benefits

2. Supplemental Security Benefits (SSI)3. Child support income4. Veteran's Administration

- Disability Benefits
- Aid and attendance payments,
- Homebound benefits
- Reimbursements for unusual medical expenses

5. Temporary Assistance for Needy Families (TANF) benefit and support services payments made by the Department or another state6. Workforce Safety and Insurance (WSI) Benefits7. Child's income (See section 510-07-40-19 – ACA Healthy Steps Income Methodologies)8. Proceeds from life, accident or health insurance

9. Federal tax credits,(i.e. Child Tax credit)
10. Federal Income tax refunds and earned income tax credits
11. Gifts and Loans
12. Proceeds from inheritances, however income from inherited property is countable
13. Tribal General Assistance Payments
14. Subsidized Guardianship Project payments
15. Educational scholarships, awards, and fellowship grants used for educational expenses do not count as income. Count only the portion of educational income that is used for living expenses or other non-educational related expenses
16. Certain distributions, payments and student financial assistance for American Indians/Alaska Natives can **only** be disregarded if they were initially counted as taxable income
17. Non-recurring and recurring lump sum payments of disregarded earned or unearned income
 - a. Veteran's Administration Aid and attendance payments,
 - b. Veteran's Administration Homebound benefits
 - c. Veteran's Administration Reimbursements for unusual medical expenses
 - d. Veteran's Administration Dependents Indemnity Compensation;
 - e. Insurance settlements for destroyed exempt property;
 - f. Death benefits
 - g. Health or long-term care insurance payments;
 - h. Life Insurance proceeds
 - i. Accident Insurance proceeds
18. Voluntary cash contributions from others
19. Proceeds from a loan agreement, including reverse mortgages. However, if the person lending the money receives interest, the interest received is income

20. Hostile Fire Pay when an individual is on active military duty serving in a combat zone, the full amount of the person's military pay can be excluded from taxable income
21. Deposits to a joint checking account made by a non-household member
22. Money payments made by the Department, another state, or tribal entities in connection with the State LTC Subsidy program, foster care, subsidized guardianship, or the subsidized adoption program
23. Benefits received through the Low Income Home Energy Assistance Program
24. Refugee cash assistance or grant payments
25. County general assistance that may be issued on an intermittent basis to cover emergency type situations
26. Payments from the Child and Adult Food Program for meals and snacks to licensed families who provide day care in their home
27. Payments from the family subsidy program
28. Income received as a housing allowance by programs sponsored by the United States Department of Housing and Urban Development and rent supplements or utility payments provided through the Housing Assistance Program
29. Money received by Indians from the lease or sale of natural resources, and rent or lease income, resulting from the exercise of federally-protected rights on excluded Indian property, is considered an asset conversion and is therefore not considered as income (even if the money is taken out of the IIM account in the same month it was deposited into the account). This includes distributions of per capita judgment funds or property earnings held in trust for a tribe. This does not include local Tribal funds that a Tribe distributes to individuals on a per capita basis, but which have not been held in trust by the Secretary of Interior (e.g., tribally managed gaming revenues - which is countable income)
30. Income derived from sub marginal lands, conveyed to Indian tribes and held in trust by the United States, as required by Pub. L. 94-114

31. Compensation received by volunteers participating in the ACTION program as stipulated in the Domestic Volunteer Service Act of 1973, including the National Senior Volunteer Corps, including Retired Senior Volunteer Program (RSVP), Foster Grandparents, and Senior Companion Program; National Volunteer Programs to Assist Small Businesses and Promote Volunteer Services by Persons with Business Experience; Volunteers in Service to America (VISTA) (now AmeriCorps*VISTA, not to be confused with AmeriCorps, a separate program), VISTA Literary Corps and University Year for VISTA
32. Payments made to recipients under title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970
33. All income, allowances, and bonuses received as a result of participation in the Job Corps Program
34. Payments received for the repair or replacement of lost, damaged or stolen assets
35. Homestead tax credits
36. Training funds received from Vocational Rehabilitation
37. Training allowances of up to thirty dollars per week provided through a tribal native employment works program, or the Job Opportunities and Basic Skills Training program
38. Needs-based payments, support services, and relocation expenses provided through programs established under the Workforce Investment Act (WIA), and through the Job Opportunities and Basic Skills program
39. Training stipends provided to victims of domestic violence by private, charitable organizations, such as the Seeds of Hope Gift Shop, or the Abused Adult Resource Center, for attending their educational programs
40. Tax-exempt portions of payments made as a result of the Alaska Native Claims Settlement Act
41. Payments to certain United States citizens of Japanese ancestry, resident Japanese aliens, and eligible Aleuts made under the Wartime Relocation of Civilians Reparations Act

- 42. Agent Orange payments
- 43. Crime Victims Reparation payments
- 44. German reparation payments made to survivors of the holocaust, and reparation payments made under sections 500 through 506 of the Austrian General Social Insurance Act
- 45. Assistance received under the Disaster Relief and Emergency Assistance Act of 1974 or some other federal statute, because of a presidentially declared major disaster (including disaster assistance unemployment compensation), and interest earned on that assistance. Comparable assistance received from a state or local government, or from a disaster assistance organization is also excluded
- 46. Allowances paid to children of Vietnam veterans who are born with spina bifida, or to children of women Vietnam veterans who are born with certain covered birth defects
- 47. Netherlands Reparation payments based on Nazi, but not Japanese, persecution during World War II, Public Law 103-286
- 48. Radiation Exposure Compensation, Public Law 101-426
- 49. The Medicare part B premium refunded by the Social Security Administration
- 50. Medicare Part D premiums, copayments, and deductibles refunded by prescription drug plans
- 51. For periods after October 1, 2008, all wages paid by the Census Bureau for temporary employment related to census activities will be disregarded as income
- 52. Reimbursements from an employer, training agency, or other organization for past or future training, or volunteer related expenses are disregarded from income. Reimbursements must be specified for an identified expense, other than normal living expenses, and used for the purpose intended. Reimbursements for normal household living expenses or maintenance such

as rent or mortgage, clothing or food, are a gain or benefit and are not disregarded

Examples of disregarded reimbursements include:

- a. Reimbursements for job or training-related expenses such as travel, per diem, uniforms, and transportation to and from the job or training site
- b. Reimbursements for out-of-pocket expenses of volunteers incurred in the course of their work

53. The first \$2,000 received by an individual age 19 and over as compensation for participation in a clinical trial for rare diseases or conditions meeting the requirements of Section 1612(b)(26) of the Act. This disregard is only allowed if approved by the Medicaid Eligibility Unit and will expire on October 5, 2015
54. Monthly food coupons distributed to individuals age 55 and over from the Sisseton-Wahpeton Oyate Lake Traverse Reservation Food Distribution program
55. Payments of flat rate insurance like a hospital plan that pays a daily rate to the client for each day in the hospital. These are usually referred to as an indemnity policy
- ~~1. Money payments made by the Department, another state, or tribal entities in connection with foster care, subsidized guardianship, or the subsidized adoption program (This does not include Casey Family, or other private foster care payments);~~
- ~~2. Temporary Assistance for Needy Families (TANF) benefit and support services payments;~~
- ~~3. Benefits received through the Low Income Home Energy Assistance Program;~~
- ~~4. Refugee cash assistance or grant payments;~~
- ~~5. County general assistance that may be issued on an intermittent basis to cover emergency type situations;~~
- ~~6. Payments from the Child and Adult Food Program for meals and snacks to licensed families who provide day care in their home;~~
- ~~7. Payments from the family subsidy program;~~
- ~~8. Income received as a housing allowance by programs sponsored by the United States Department of Housing and Urban Development and rent~~

- supplements or utility payments provided through the Housing Assistance Program;
9. Money received by Indians from the lease or sale of natural resources, and rent or lease income, resulting from the exercise of federally protected rights on excluded Indian property, is considered an asset conversion and is therefore not considered as income (even if the money is taken out of the IIM account in the same month it was deposited into the account). This includes distributions of per capita judgment funds or property earnings held in trust for a tribe. This does not include local Tribal funds that a Tribe distributes to individuals on a per capita basis, but which have not been held in trust by the Secretary of Interior (e.g., tribally managed gaming revenues—which is countable income);
 10. Income derived from submarginal lands, conveyed to Indian tribes and held in trust by the United States, as required by Pub. L. 94-114;
 11. Income of an individual living in the parental home if the individual is not included in the Healthy Steps unit;
 12. Extra checks received by individuals who are paid weekly or bi-weekly. The check may be from earned or unearned income. The last check received in the month is always considered the extra check. For individuals paid weekly, it is the fifth check and for individuals paid bi-weekly, it is the third check. Bonus checks, or checks for any other reason, are not considered extra checks;
 13. Income earned by a child (not a caretaker, spouse, or pregnant woman) who is a full-time student, or a part-time student who is not employed one hundred hours or more per month. The earnings of an eligible child are counted if the child is a part-time student who is employed full-time;
 14. Supplemental Security Income (SSI);
 15. Compensation received by volunteers participating in the action program as stipulated in the Domestic Volunteer Service Act of 1973, including Foster Grandparents, Older American Community Service Program, Retired Senior Volunteer Program, Service Corps of Retired Executives, Volunteers in Service to America (VISTA), and University Year for Action;
 16. Payments made to recipients under title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
 17. All income, allowances, and bonuses received as a result of participation in the Job Corps Program;
 18. Payments received for the repair or replacement of lost, damaged or stolen assets;
 19. Occasional small gifts;
 20. In-kind income except in-kind income received in lieu of wages;

- ~~21. A loan from any source that is subject to a written agreement requiring repayment by the recipient (which includes a reverse mortgage payment);~~
- ~~22. The Medicare part B premium refunded by the Social Security Administration;~~
- ~~23. Income tax refunds and earned income credits;~~
- ~~24. Homestead tax credits;~~
- ~~25. Educational loans, scholarships, grants, awards, Workforce Safety & Insurance vocational rehabilitation payments, and work-study received by a student. See section 07-40-20 (Unearned Income) for treatment of student income received from the Veteran's Administration;~~
- ~~26. Any fellowship or gift (or portion of a gift) used to pay the cost of tuition and fees at any educational institution;~~
- ~~27. Training funds received from Vocational Rehabilitation;~~
- ~~28. Training allowances of up to thirty dollars per week provided through a tribal native employment works program, or the Job Opportunities and Basic Skills Training program;~~
- ~~29. Needs-based payments, support services, and relocation expenses provided through programs established under the Workforce Investment Act (WIA), and through the Job Opportunities and Basic Skills program;~~
- ~~30. Training stipends provided to victims of domestic violence by private, charitable organizations, such as the Seeds of Hope Gift Shop, or the Abused Adult Resource Center, for attending their educational programs;~~
- ~~31. Tax-exempt portions of payments made as a result of the Alaska Native Claims Settlement Act;~~
- ~~32. Payments to certain United States citizens of Japanese ancestry, resident Japanese aliens, and eligible Aleuts made under the Wartime Relocation of Civilians Reparations Act;~~
- ~~33. Agent Orange payments (P.L. 101-201);~~
- ~~34. Crime Victims Reparation payments;~~
- ~~35. German reparation payments made to survivors of the holocaust, and reparation payments made under sections 500 through 506 of the Austrian General Social Insurance Act (P.L. 103-286);~~
- ~~36. Assistance received under the Disaster Relief and Emergency Assistance Act of 1974 or some other federal statute, because of a presidentially declared major disaster (including disaster assistance unemployment compensation), and interest earned on that assistance. Comparable assistance received from a state or local government, or from a disaster assistance organization is also excluded; (P.L. 93-288)~~
- ~~37. Allowances paid to children of Vietnam veterans who are born with spina bifida, or to children of women Vietnam veterans who are born with certain covered birth defects;~~

- ~~38. Netherlands Reparation payments based on Nazi, but not Japanese, persecution during World War II, Public Law 103-286;~~
- ~~39. Radiation Exposure Compensation, Public Law 101-426;~~
- ~~40. Interest or dividend income earned on liquid assets;~~
- ~~41. Additional pay received by military personnel as a result of deployment to a combat zone;~~
- ~~42. Medicare Part D premiums, copayments, and deductibles refunded by prescription drug plans;~~
- ~~43. Fifty dollars per month of current child support, received on behalf of children in the Healthy Steps unit, from each budget unit that is budgeted with a separate income level;~~
- ~~44. All wages paid by the Census Bureau for temporary employment related to census activities will be disregarded as income;~~
- ~~45. Reimbursements from an employer, training agency or other organization for past or future training, or volunteer related expenses are disregarded from income. Reimbursements must be specifically for an identified expense, other than normal living expenses, and used for the purpose intended. Reimbursements for normal household living expenses or maintenance such as rent or mortgage, clothing or food, are a gain or benefit and are not disregarded;~~

Examples:

- ~~1. Reimbursements for job or training related expenses such as travel, per diem, uniforms, and transportation to and from the job or training site.~~
- ~~2. Reimbursements for out of pocket expenses of volunteers incurred in the course of their work.~~
- ~~46. The first \$2,000 received by an individual age 19 and over as compensation for participation in a clinical trial for rare diseases or conditions meeting the requirements of Section 1612(b)(26) of the Act. This disregard is only allowed if approved by the Medicaid Eligibility Unit and will expire on October 5, 2015; and~~
- ~~47. Monthly food coupons distributed to individuals age 55 and over from the Sisseton Wahpeton Oyate Lake Traverse Reservation Food Distribution program.~~

22. 510-07-40-35 – Income Deductions:

- This section is being rewritten to clarify what income is disregarded when determining eligibility for ACA Healthy Steps.

**Income Deductions 510-07-40-35
(Revised 7/1/2014 ML #3416)**

View Archives

This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. For treatment of income for benefits or applications or reviews on or after January 1, 2014, please see "MAGI Income Methodologies" at 510-07-40-19.

The following income deductions are allowed in determining Healthy Steps eligibility:

1. For household members with countable earned income:
 - a. Mandatory payroll deductions and union dues withheld, or ninety dollars, whichever is greater;
 - b. Mandatory retirement plan deductions;
 - c. Union Dues actually paid; and
 - d. Expenses of a blind person reasonably attributed to earning income.
2. Reasonable child care expenses, not otherwise reimbursed, that the Healthy Steps Unit is responsible to pay, if necessary to engage in employment or training. Reasonable child care expenses do not include payments to parents to care for their own children. The child must be a member of the Healthy Steps unit for the deduction to be allowed. This expense may only be allowed as a deduction from the income of the child or those individuals who are responsible for the child, such as a parent or caretaker.
3. Non-voluntary child and spousal support payments (including surcharges and arrearages) if actually paid by a member of the Healthy Steps Unit. If the support payment is withheld from an extra check that is disregarded, the support payment withheld from that check is not allowed as a deduction.—
4. With respect to each individual in the Healthy Steps unit who is employed or in training, but who is not aged, blind, or disabled, thirty dollars may be deducted as a work or training allowance, but only if the individual's income is counted in the eligibility determination.
5. The cost of premiums for health insurance may be deducted from income if the premiums have not already been allowed as a deduction for self-employment in the "Adjusted Gross Income" section of the individual's Form 1040. If not allowed as a deduction on the tax form, premiums may be deducted in the month the premium is paid, or if the premium is for more than one month of coverage, a prorated share over the months for which the premium affords coverage is allowed. This deduction primarily applies to health insurance coverage for members of the unit who are not eligible

~~for Healthy Steps. It can, however, be allowed for eligible Healthy Steps applicants and recipients if the coverage is not creditable coverage for hospital, or medical, or major medical coverage (see 510-07-05, definition for creditable health insurance coverage, for more information on coverage types that may be allowed).~~

- ~~6. Medical expenses for necessary medical or remedial care for members of the unit who are not eligible for Healthy Steps. Claimed expenses must be documented in a manner which describes the service, the date of the service, the amount of cost incurred, and the name of the service provider. A medical expense may be deducted only if it is:~~
- ~~a. Incurred by a member of a Healthy Steps unit in the month for which eligibility is being determined;~~
 - ~~b. Provided by a medical practitioner licensed to furnish the care;~~
 - ~~c. Not subject to payment by any third party, including Medicaid and Medicare;~~
 - ~~d. Not incurred for nursing facility services, swing bed services, or HCBS during a period of ineligibility because of a disqualifying transfer;~~
 - ~~e. Not incurred as Medicaid client share (recipient liability); and~~
 - ~~f. Claimed.~~

Instead of itemized disregards and deductions, a standard deduction equal to 5% of the Federal Poverty Level (FPL) is allowed under ACA Healthy Steps.

Note: This disregard is not deducted from income as the ACA Income Levels have been increased by 5% to allow for this disregard.

In addition, the following deductions can be allowed from income under ACA Medicaid:

1. Pre-tax deductions (from the gross pay listed on paystubs)
2. Adjusted Gross Income deductions from gross income that are used in determining the countable Adjusted Gross Income for tax purposes (Listed on the Form 1040 in the 'Adjusted Gross Income' section)
 - a. Educator expenses
 - b. Business expenses of reservist, performing artists and fee-basis government officials
 - c. Health savings account deduction
 - d. Moving expenses
 - e. Deductible portion of self-employment tax
 - f. Contributions to self-employed SEP, SIMPLE and qualified plans
 - g. Self-employed health insurance deduction
 - h. Penalty on early withdrawal of savings

- i. Alimony paid
- j. Contributions to IRA
- k. Student loan interest deduction
- l. Tuition and fee
- m. Domestic production activities deduction

When determining income using the Federal Income Tax forms, amounts for the above deductions can only be allowed IF they have not been allowed when determining the Adjusted Gross Income.

23. 510-07-40-40 – Income Levels:

- Removed the title 'For Applications and Redeterminations Received Prior to January 1, 2014 for benefits to start prior to January 1, 2014 as this information can be found in the archive section of this manual.
- Removed the section 'For Applications and Reviews Received on or after October 1, 2013 for benefits starting January 1, 2014:' as this information can be found in the archive section of this manual.
- This section is updated with the April 2014 federal poverty levels as defined in IM 5200. This chart displays the income level of 170% + the 5% disregard or 175% of the new Federal Poverty Level as of April 1, 2014. Annual Amounts are also included.

Income Levels 510-07-40-40
(Revised 7/1/2014 ML #3416)

View Archives

Levels of income for maintenance must be used as a basis for establishing financial eligibility for Healthy Steps. The Healthy Steps income levels represent the amount of income reserved to meet the maintenance needs of an individual or family.

The Healthy Steps Income Level is equal to ~~one hundred and sixty percent of the poverty level for cases approved prior to January 1, 2014 and~~ one hundred and seventy-five percent of the poverty level including the MAGI disregard, ~~thereafter,~~ applicable to a family of the size involved. The family size is increased for each unborn when determining the appropriate family size. ~~The income level is equal to one hundred and seventy-five percent of the poverty level including the MAGI disregard.~~

**For Applications and Redeterminations Received Prior to January 1, 2014
for benefits to start prior to January 1, 2014:**

Number of Persons	Monthly Income Level	Yearly Income Level
1	\$ 1533 <u>\$1702</u>	<u>\$20,423</u>
2	2067 <u>2294</u>	<u>27,528</u>
3	2603 <u>2886</u>	<u>34,633</u>
4	3139 <u>3478</u>	<u>41,738</u>
5	3675 <u>4070</u>	<u>48,843</u>
6	4213 <u>4662</u>	<u>55,948</u>
7	4749 <u>5254</u>	<u>63,053</u>
8	5283 <u>5846</u>	<u>70,158</u>
9	5819 <u>6439</u>	<u>77,263</u>
10	6306 <u>7031</u>	<u>84,368</u>
+1	536 <u>592</u>	<u>7,105</u>
Effective 4/1/2013 4/1/2014		

**For Applications and Reviews Received on or after October 1, 2013 for
benefits starting January 1, 2014:**

Number of Persons:	Monthly Income Level (170 FPL):	Monthly Income Level Including Disregard (175 FPL):
1	1628	1676
2	2197	2262
3	2767	2849
4	3336	3435
5	3906	4021
6	4475	4607
7	5045	5194
8	5614	5780
9	6184	6366
10	6753	6952
+1	570	587
effective January 1, 2014-		

24. 510-07-40-45 – Determining the Appropriate Income Level in Special Circumstances:

- This entire section has been removed as it is no longer applicable to MAGI methodologies or ACA Healthy Steps applications or reviews received on or after January 1, 2014.

**~~Determining the Appropriate Income Level in Special Circumstances
510-07-40-45~~**

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. This section will not be applicable to MAGI methodologies or applications or reviews received on or after January 1, 2014.~~

- ~~1. A child who is away at school is not treated as living independently, but is allowed the appropriate income level for one during all full calendar months. This is in addition to the income level applicable for the family unit remaining at home.~~
- ~~2. A child who is living outside of the parental home, but who is not living independently; or a spouse who is temporarily living outside of the home to attend training or college, to secure medical treatment, because of temporary work relocation required by an employer, or for other reasons beyond the control of the spouse, is allowed a separate income level during all full calendar months during which the child or spouse lives outside the home. This does not apply to situations where an individual simply decides to live separately.~~
- ~~3. During a month in which an individual enters a specialized facility, or leaves one to return home, the individual will be included in the family unit in the home for the purpose of determining the family size and the appropriate income level. Individuals in a specialized facility will be allowed the Healthy Steps income level for one during all full calendar months in which the individual resides in the facility.~~
- ~~4. During a month in which an individual with eligible family members in the home enters or leaves a Psychiatric Residential Treatment Facility (PRTF) or a nursing facility to return home, or elects to receive HCBS or terminates that election, the individual will be included in the family unit in the home for the purpose of determining the family size and the appropriate Healthy Steps income level. Individuals in a Psychiatric Residential Treatment Facility (PRTF) or a nursing facility will be allowed the Healthy Steps income level for one during all full calendar months in which the individual resides in the facility.~~

~~5. Recipients of HCBS will be allowed the Healthy Steps income level for one during all full calendar months in which the individual receives HCBS.~~

25. 510-07-40-50 – Deeming of Income

- This entire section has been removed as it is no longer applicable to MAGI methodologies or ACA Healthy Steps applications or reviews received on or after January 1, 2014.

Deeming of Income 510-07-40-50

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. This section will no longer apply for applications and reviews on or after January 1, 2014. For treatment of income for benefits or for applications or reviews on or after January 1, 2014 please see "MAGI Income Methodologies" at 510-07-40-19.~~

~~Excess income of a spouse or parent may be deemed to a spouse or child, who is in the Healthy Steps unit, but who has a separate income level, to bring that spouse's or child's income up to the Healthy Steps income level. Excess income is the amount of net income remaining after allowing the appropriate disregards, deductions and Healthy Steps income level.~~

26. 510-07-50-15 – Budgeting Procedures

- Removed the reference to information and the poverty level prior to January 1, 2014 as this is included in the archive section of this manual section.
- Removed #6 as this pertains to applications processed prior to January 1, 2014 and can be found in the archive section of this manual section.

**Budgeting Procedures 510-07-50-15
(Revised 7/1/2014 ML #3416)**

View Archives

1. All income of the members of the Healthy Steps unit must be considered.
2. Use prospective budgeting to determine financial eligibility for the benefit month on applications and reviews.
3. A child who is eligible for the benefit month does not need to be rebudgeted until the next review is due.
4. The same budgeting applies regardless of whether the individual lives in the individual's own home, a specialized facility, or a nursing facility.

5. Recipients with family income at or below ~~160~~ 175% (~~for applications processed prior to January 1, 2014, 170% thereafter~~) of the poverty level can be eligible under the Healthy Steps program.
 - ~~6. For application processed prior to January 1, 2014, a child will fail Healthy Steps when expenses not allowed in the Medicaid budget test because of verification, had they been allowed, would have caused Medicaid to pass without client share (recipient liability).~~
27. 510-07-50-20 – Budgeting Procedures for Financially Responsible Absent Parents
- This entire section has been removed as it is no longer applicable to MAGI methodologies or ACA Healthy Steps applications or reviews received on or after January 1, 2014.

Budgeting Procedures for Financially Responsible Absent Parents 510-07-50-20

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. This section will no longer apply for applications and reviews on or after January 1, 2014. For treatment of income for benefits or for applications or reviews on or after January 1, 2014 please see "MAGI Income Methodologies" at 510-07-40-19.~~

~~When a child resides with a caretaker other than the parent, and the parent's whereabouts are known, an attempt must be made to obtain the parent's income information. When the parent's income information is received, it is necessary to determine the amount of income that is available to meet the child's needs. The following steps describe the procedure.~~

- ~~1. Compute a Healthy Steps budget for the parent(s) and their children "living" with them, allowing the appropriate income disregards and deductions. (The child who is residing with a caretaker other than the parent is not included in the parent's budget. Refer to 07-20-10 for a description of who is considered to be "living" with the parents.) If they pass the Healthy Steps budget, document that there is no excess income available to the child for whom eligibility is being pursued. The child's case can then be processed without further computations of the parent's income.~~
- ~~2. If the parent's unit fails the Healthy Steps budget, the excess income from the parents' Healthy Steps budget is considered unearned income for the child and is used in the child's budget.~~

28. 510-07-50-30 – Budgeting Procedures for Stepparents

- This entire section has been removed as it is no longer applicable to MAGI methodologies or ACA Healthy Steps applications or reviews received on or after January 1, 2014.

Budgeting Procedures for Stepparents 510-07-50-30

This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. This section will no longer apply for applications and reviews on or after January 1, 2014. For treatment of income for benefits or for applications or reviews on or after January 1, 2014 please see "MAGI Income Methodologies" at 510-07-40-19 and Healthy Steps Unit at 510-07-25-05.

Under North Dakota law, a stepparent has no legally enforceable obligation to support stepchildren. Therefore, the stepparent's own personal income and assets cannot be considered available in determining Healthy Steps eligibility for the stepchildren. The natural parent, however, is legally responsible for supporting the children. The income of the natural parent cannot be first applied to the children if by doing so other members of the family are deprived of basic necessities. To determine eligibility when both the stepparent and natural parent have income, the Eligibility Worker must first apply the stepparent's net income against the appropriate income level for the stepparent, spouse and the stepparent's children or children born of this marriage. If the stepparent's income is adequate to meet their needs, the natural parent's net income may then be considered in relation to the needs of the children for whom application is being made. If the stepparent has no income, or if it is sufficient to meet only a portion of the needs of those for whom the stepparent is legally responsible, the natural parent's net income shall first be allocated to the remaining unmet needs of those persons (that the natural parent is legally responsible for) before being considered available to the children in determining Healthy Steps eligibility.

If the stepparent refuses to provide income, all of the natural parent's income is used to determine the children's need and the natural parent's needs cannot be met.

In double stepparent cases (each spouse has children from a previous relationship) the parents are first budgeted in the unit with their spouse and common children. Any income of the common children is first used to meet the needs of the budget unit of the parents and common children. The budget units unmet needs are then split evenly between the parents, and the parents'

~~income is used to meet the remaining unmet needs. If one parent does not have sufficient income to meet their half of the unmet need, the remaining need for the budget unit can be met with the other parent's income. Any excess income from each parent is then deemed to meet the needs of their own (not common) child(ren).~~

29. 510-07-50-35 – Budgeting Procedures for Unmarried Parents with Children
- This entire section has been removed as it is no longer applicable to MAGI methodologies or ACA Healthy Steps applications or reviews received on or after January 1, 2014.

Budgeting Procedures for Unmarried Parents with Children 510-07-50-35

~~This section applies to individuals who applied for and were found eligible for Healthy Steps prior to January 1, 2014. This section will no longer apply for applications and reviews on or after January 1, 2014. For treatment of income for benefits or for applications or reviews on or after January 1, 2014 please see "MAGI Income Methodologies" at 510-07-40-19 and Healthy Steps Unit at 510-07-25-05.~~

~~When budgeting for children whose parents are living together, but are not married:~~

- ~~1. If paternity has not been legally established, but the father's name is on the birth certificate or he has signed the "North Dakota Acknowledgment of Paternity" form, SFN 8195, with a revision date of 4/98 or later, the income of the father must be used to determine Healthy Steps eligibility.~~
- ~~2. If paternity has not been legally established, and the father's name does not appear on the birth certificate or he has not signed the "North Dakota Acknowledgement of Paternity" form, SFN 8195, with a revision date of 4/98 or later, the income of the father will not be used to determine eligibility.~~
- ~~3. When the only child in common is an unborn and the prospective parents are unmarried but living together, the unborn's father should be added to the case as of the month in which he joins the household or when paternity is established, whichever is later.~~

Brochures 510-07-15-25**(Revised 7/1/14 ML #3416)**

View Archives

All applicants for Healthy Steps must be provided the "Application for Assistance guidebook" or, in place of the guide book:

1. A brochure entitled "Healthy Steps-Children's Health Insurance Plan" (405kb pdf) which outlines the Healthy Plan coverage individuals receive under the Healthy Steps Program (07-75-05);
2. A brochure entitled "Medicaid" (376kb pdf) (07-75-10) outlining the services available under the Medicaid Program;
3. A brochure entitled "Your Civil Rights" link
<http://www.nd.gov/dhs/info/pubs/docs/civilrights-dn143.pdf>
(152kb pdf) (07-75-15);
4. All households with pregnant, breast-feeding or postpartum women, or children under age five, should be made aware of the availability of the WIC (Women, Infants, and Children) Program, and must be provided a "WIC " outreach brochure (07-75-20) link:
<http://www.ndhealth.gov/wic/publications/wic%20brochure.pdf>
; and
5. A notice entitled "Notice of Privacy Practices" (DN 900 which is available in E-Forms)(18kb pdf).